

URBAN LAND POLICY  
AND THE PROVISION OF HOUSING  
IN CANADA, 1900-1985

By

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## ABSTRACT

This thesis investigates one of the major factors in the supply and cost of housing, land. The hypothesis of this thesis is that a principal reason why Canada continues to have a housing problem is that government housing policy has treated land as a market commodity much like any other and has rarely examined, let alone challenged, the ramifications of this assumption in terms of its impact on the supply, quality and price of housing.

The examination of the land component of urban housing is pursued by exploring the following research questions: How have Canadian government officials, politicians and reformers defined the urban land problem as it relates to housing and what land policies have been considered and implemented in relation to housing problems? The public, professional and academic discussion of these questions is pursued by a review of the professional and academic literature, municipal plans, technical reports and government studies and the debates on housing and urban land policy in the federal parliament.

The thesis is divided into two parts. First, the philosophy of private landownership and the basic thrust of public land policy is examined. Most attention is given to the nature of property rights and their protection and enforcement by government as it is the most fundamental land

policy. Also, the nature of urbanization and the intervention of government in urban development and housing since 1900 is reviewed. Second, an historical overview of land policy and the provision of housing is provided. This discussion is divided into four historical periods: 1900-1929, 1930-1939, 1940-1969, 1970-1985. The constraints on and opportunities for urban land policy are examined and the nature of land policy in each period is discussed.

There have been, in general, five categories of land policies adopted since 1900: land use zoning, subdivision regulation, public infrastructure and servicing programmes, public land assembly programmes and unearned increment taxes. These policies have emphasized the treatment of land as a privately held market commodity.

There is a conflict between the desires of private land owners to maximize the return on their land and the need of the broader community to obtain land for housing at prices which make affordable and physically adequate housing feasible. This conflict is at the crux of the urban land problem.



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## INTRODUCTION

Obtaining adequate and affordable housing continues to be a problem for many Canadian households. Despite government involvement in the planning and provision of housing and substantial public expenditure on housing subsidies, we continue to have housing problems. A recent federal government consultation paper on housing, while noting that Canadian households were among the best housed in the world, argues that:

there are a number of major problems that need to be addressed. More than 500,000 rental households cannot afford physically adequate and uncrowded housing, and nearly 200,000 homeowners have serious affordability problems. (Canada, 1985, p. 10)

This thesis investigates the existence of housing problems by examining one of the major factors in the supply and cost of housing, land. The hypothesis of this thesis is that a principal reason why Canada continues to have a housing problem is because government housing policy has treated land as a commodity much like any other and has rarely examined, let alone challenged, the ramifications of this assumption in terms of its impact on the supply and price of housing.

This paper's examination of the land component of urban

housing is pursued by exploring the following research questions:

- 1) How have Canadian government officials, politicians and reformers defined the urban land problem as it relates to housing?
- 2) What land policies have been considered and implemented in relation to housing problems?

This thesis takes a historical approach to the topic of urban land policy as it relates to housing. To give an overview of the discussion on this topic the views of urban analysts, planners, politicians, government officials and researchers have been drawn from a variety of sources. The views of professionals and other urban analysts were drawn from the issues of the Conservation of Life, the Canadian Municipal Journal, The Canadian Engineer, the Journal, Town Planning Institute of Canada, Layout for Living, Plan Canada, the Journal of the Royal Architectural Institute of Canada, Habitat, City Magazine and the Community Planning Review. Research monographs, books and municipal technical reports on housing and city plans were also consulted. The wider public debate on land policy as it relates to housing is reflected by the debates of the federal Parliament. Each of the major housing debates in 1919, 1935, 1938, 1944, 1954, 1964, 1973 and 1981-82 were examined to identify the nature of the discussion of housing problems and policy. Also, major government housing studies such as the 1935 Special Committee on Housing, the 1944 sub-committee report on Housing and Community Planning, the 1969 Task Force on Housing and Urban Development, the 1972 Programmes without a

Policy report and the 1978 Federal-Provincial Task Force on the Supply and Price of Land are among the many government reports consulted. Review of these sources provided the researcher with an overview of what was discussed and proposed both inside and outside government circles and what was actually implemented. The opportunities and and constraints on government action in the area of land policy are identified based on this literature.

The first chapter sets the stage for the historical discussion of government land policy as it relates to housing by examining the basic thrust of public land policy-the administration and protection of private property rights. This chapter broadly traces the evolution of urban land and housing policies within the framework of private property rights and the urban land market. The next four chapters follows the discussion of urban land and housing. Each of the following four chapters deals with a particular historical period. Chapter two looks at the definition of urban land problems by the growing urban planning profession from 1900 until 1929. It also examines the government policies which were advocated and the policies which were implemented in an effort to cope with the period's housing problems. Chapter three discusses the emergence of an on-going federal role in the housing sector and how the the land policy disappeared from the debate during the depression years. The years 1940 to 1969 are examined in chapter four as a period where the scope of government



involvement in the provision of housing increased significantly to the point that governments were among the most important actors in the production of housing. The most recent period, 1970 to 1985, is covered in chapter five where the focus is on the 1970's rapid increase in land and housing prices. During the 1970's urban land policy became an issue of great concern to both urban analysts and to the general public. Lastly, chapter six offers concluding remarks on how the urban land problem as it relates to housing has been defined and what are the prospects for further government action on urban land problems.

## CHAPTER ONE

### THE INSTITUTION OF PRIVATE PROPERTY AND URBAN LAND POLICY

#### 1.1 Land as private property

Any study of land must begin with the recognition that treatment of land as a commodity when government has attempted to deal with the problems of urban development and the land in Canada is treated as if it were a typical commodity. Provision of housing. It is bought and sold on the real estate market in the same way as most other commodities are bought and sold in their respective markets. The right to own land is one of the basic institutions of Canadian society. It is also an institution which is rarely questioned.

In Canada, the government enforces private property rights through property law which is based on the British common law tradition. The law of real property, according to this tradition, is based on two doctrines. First, the doctrine of tenure states that all land is held by the crown either directly or indirectly. Second, the doctrine of estates establishes that an individual cannot own land, but can merely have an estate or an 'interest' in it authorizing

him to hold it for some period of time. Property rights are actually a set of rights sanctioned by the state which are attached to the possession of a title to a parcel of land. The two most important aspects of these rights are the right to use land and the right to exchange(i. e. to sell or rent) land in the market. (Megarry, 1947, pp. 8, 43)

Land, however, unlike most commodities produced and exchanged in the marketplace, is not privately produced. Land is a natural endowment. It is an endowment over which a society must make rules and regulations for how it is to be used, exchanged and allocated. Thus, Canada, like most capitalist countries, has instituted, maintains and enforces institutions which make land a private commodity, to be utilized exchanged and allocated on the basis of market dynamics.

The treatment of land as a privately held commodity that is allocated and utilized according to the dynamics of the market is a relatively recent institution. Under feudalism, land was considered to be under common ownership and there was no such thing as the land market. The treatment of land as a market commodity arose with the advent of capitalism as the predominant mode of production in western societies. The treatment of land as a market commodity can be traced through an examination of the philosophical discussion of the rights of private property. (Macpherson, 1978, pp. 6-8)

There are four distinctive approaches to the doctrine of

private property rights outlined in the writings of Locke, Rousseau, Marx and Henry George. First, Locke was of the earliest advocates of the idea that the primary role of the state was the enforcement of the rights of private property. He argued that there should be no limit to the amount of property a man could own. Second, Rousseau argued that an individual has a right to only the limited amount of property than one could work on by oneself. He noted that an unlimited right of property might deprive others of any property. Third, Marx identified private property as the basis of capitalism. He was concerned with the social relations inherent in private property and argued that ownership of the means of production lead to the exploitation of one class by another. Fourth, Henry George focused on one form of private property, land. He saw the private ownership of land as a significant barrier to economic development. Landowners, he argued, exploited both capitalists and labour by extracting an unnecessary payment for the use of land. Despite the concern of Marx that private property leads to exploitation and George's argument that payment for the use of land is an unnecessary drain on the productive capacity of society, private property and in particular private property in land remains a fundamental insitution of Canadian society. (Schlatter, 1951, pp. 151-162; Macpherson, 1978, pp. 15, 29-30, 59; George, 1880, pp. 220-221).

Canadian governments legitimate land as a form of

private property because private property, in general, is fundamental to capitalist economies. It is, therefore, understandable that property that property rights form the cornerstone of government land policy. Although a guarantee of private property rights is not provided explicitly for in the Charter of Rights and Freedoms, property rights are, as in the British tradition of common law and government, upheld by legislative statute and by the judiciary through the common law. Although the legislative branch of government could, according to the common law, seize anyone's property without compensation, all Canadian provinces have passed expropriation statutes which establish procedures for compensating property owners when the state decides to acquire a private property through expropriation. When landowners feel they have been dealt with unfairly by government and that their property rights have been violated, they may appeal to the courts. The courts have traditionally taken a conservative view, generally upholding a landowner's rights unless a statute clearly gives government some overriding authority. Thus, the Anglo-Canadian tradition of jurisprudence has been mindful of the doctrine of property rights and has supported the rights of private property as a fundamental institution of Canadian society. (MacNeil, 1983, p. 349; Stevenson, 1983, p. 414)

## 1.2 Urban land and urban land policy

With the increasingly urbanized character of Canadian society, urban land has become an important type of land. Urban land, unlike land in general, is more than just a natural endowment. Urban land must be "produced." It takes public and private investment in roads, sewers, offices, factories, houses and schools to "produce" urban land. Urban land, therefore, is a collectively produced good. Yet, like land in general, urban land is a private commodity. Both the public and private investment is allocated to the owner of a particular parcel of land. This owner can, therefore, appropriate the entire value of the site even though only a portion of the value arises from the investment made by the owner. This distinguishes land from most other commodities because its value is not privately created, yet it is privately appropriated.

A second distinctive quality of land as a commodity is that land is a social good because it is a necessity for most aspects of the functioning of a society. However, it is used and allocated according to the logic of private commodity markets. It is here that many analysts, both present and past, locate the "urban land problem": the collective production yet the private appropriation of urban land values and the nature of land as a social good yet the private allocation of land use.

The treatment of urban land as a commodity to be used and allocated according to market dynamics has given rise to

a number of urban land problems. For example, they have included, first, the conflict of interests between those seeking to speculate in land with those who seek to use it for shelter or other productive purposes. While it is in the interests of producers and those requiring shelter to minimize the cost of land, it is in the interests of speculators to maximize the price. (Massey and Catalano, 1978, p. 153) Second, because land in urban areas can often be used for a wide variety of purposes the location of non-conforming land uses (such as industrial and residential) adjacent to one another creates problems. Non-conforming land uses can result in the depreciation of property values. Third, urban areas have undergone periods of intense land speculation. Resulting in unstable land values. This leads to problems for those attempting to obtain financing for investment in buildings which require urban land. (Harvey, 1974, pp. 12-16)

Thus, with rapid urban growth and with increasingly urbanized industrial production displacing agricultural production as the most significant generator of wealth and prosperity, the need for public regulation of the urban development process and the operation of the land market became more apparent. In his study of the history of urban planning, Sutcliffe observes that "from the earliest stages of industrialization we can detect a clear tendency for public intervention in the urban environment". (Sutcliffe, 1981, p. 5) Sutcliffe notes that state intervention in urban

development took two main forms, the direct public provision of infrastructure such as roads, sewers and water, thereby helping produce urban land and "the imposition of obligations on the owners of urban property" thereby regulating aspects of the urban development process. It was problems associated with the private land development process which gradually gave rise to the emergence of public land policies. (Ibid, p. 5)

Among the first obligations to be imposed on urban landowners were regulations affecting health standards and building quality. Health codes and building bylaws were introduced to cope with many of the problems resulting from the increased density of urban settlements. For example, in Ontario the first public health legislation was introduced as early as 1832 to cope with a cholera epidemic by setting up local boards of health. The scope of government regulation of land use widened throughout the 19th and 20th century, particularly in larger urban centres, with the introduction of comprehensive health, fire and building bylaws. These controlled the density of residential development, the buildings materials used and prescribed minimum amounts of open space adjacent to residences. (Hulchanski, 1981, pp. 2.1-2.14)

Government also had to address another problem, undesirable land use patterns. In response, nuisance and zoning bylaws were introduced. These regulations were first advocated during the "urban reform movement" of the first



two decades of this century. A major aim of many businessmen during that boom period was on seeking methods of protecting property values from negative externalities. Zoning and nuisance bylaws emerged as one of a number of tools for municipal governments to deal with the private land market. Unfettered urban development and the resulting chaotic patterns of land uses was a barriers to efficient and orderly urban development and industrialization. (Bloomfield, 1982, pp. 258-261; Weaver, 1977, pp. 403-409)

In response to the booms and busts of the land market and the pattern of scattered, 'leap frogging' subdivisions, municipal and provincial governments began to regulate the subdivision of land which, to some extent, has the effect of regulating the creation of urban land. Land could not be put to residential, industrial or commercial urban use until it was serviced and divided up into marketable parcels. Each parcel created by subdivision became market commodities for sale on the land market. During the the first decades of this century most provinces introduced subdivision control regulations to cope with the rampant land speculation and 'leap frogging' subdivisions occurring during this period. (Weisman, 1978, pp. 1-10)

In sum, the urban reform and public health movements of the later part of the 19th century and early 20th century reacted to urban development problems by imposing a host of regulations on the development of land and urged a greater public role in the co-ordination of the timing, location and

character of development. The public sector, often with the support of the business community, in many cases, attempted to manage and ameliorate problems resulting from land development in ways that at times infringed on the property rights of urban land owners. Advocates of new land policies, such as land use planning and subdivision regulations were concerned that unregulated urban development and, in particular, the actions of a handful of speculators was leading to the inefficient use of land, instability in the land and mortgage markets and increased tax burdens to pay for the often unneeded public infrastructure. However, few of these advocates questioned, let alone challenged, the right to freely exchange land in the market. Thus, over the course of this century, government has begun to address one aspect of the urban land problem, the allocation of land uses by the land market, but has not seriously considered the other aspect, the private exchange of land as a typical commodity which allows for the full appropriation of collectively produced land values.

### 1.3 Governments and the production of housing

One of the important uses of urban land is for housing. Governments, in their increasing concern during this century for the affordability, physical adequacy and location of housing, have had to develop policies that address the utilization and allocation of land. These land policies have emphasized the regulation of land use through such measures

as residential land use zoning. Zoning has been introduced to ensure certain density and amenity standards are met in the development of housing. They have also sought to protect property values by restricting the intrusion of non-residential land uses. Land policies associated with the production of housing have never sought to restrict the exchange of land in the private market. Aimed at improving general residential conditions.

Government involvement in the production of housing at the federal level began in 1919. This expanded the scope of government involvement in the urban land market beyond the regulation of land uses and the provision of infrastructure to include public involvement in the supply of housing. The federal government introduced the 1919 Housing Programme to address the problem of housing veterans after World War I in view of the scarcity of housing that existed in the post war period. The 1919 programme made no serious attempt to do anything more than stimulate some additional private housing starts through federal housing loans. (Grauer, 1939, p. 38)

No further federal housing programmes were introduced until 1935, a federal election year in the middle of the great depression. Since 1935, the federal, as well as provincial and municipal involvement in housing, has dramatically expanded in nature and scope. In the post WW II period government has become a major player in the provision of all forms of housing and as a consequence, an important force in the residential land market. (Rose, 1980, pp. 27-

41)

The federal government became concerned with urban land as a component of housing in three ways. First, it called for the use of town planning measures such as subdivision controls and improved neighbourhood design as advocated by the 1944 federal Advisory Committee on Reconstruction and its sub-committee on housing and community planning. Second, it invested funds in government land banks beginning in 1949 to ensure the supply of serviced residential land. After the Second World War, periods of rampant land speculation and rapidly increasing land costs often focused the attention of government officials and housing reformers on land as key part in the housing supply and affordability problem. Third, homeownership programmes such as government mortgage loans and mortgage insurance have sought to ease access to the residential real estate market.

#### 1.4 Summary

Land policy in Canada has, in general, allowed the market exchange of land to freely operate while it has increasingly regulated the use of land. However, even after 80 years of land use planning policies and after 50 years of housing policy, we continue to have housing problems. The hypothesis of this thesis is that a principle reason why Canadians continue to have housing problems is that government housing policy has treated land as a privately held market commodity much like any other commodity. This

thesis examines the extent to which urban analysts and policy-makers have addressed the treatment of land as a market commodity. It identifies what urban land problems that were identified as being associated with housing problems. Also, land policies that were proposed and implemented in response to problems relating to the supply and cost of housing are reviewed. The following four chapters explores the nature of land policy in regards to the provision of housing as it has been advocated and implemented in each of four periods: 1900-1929, 1930-1939, 1940-1969 and 1970-1983.

## CHAPTER TWO

### URBAN LAND PROBLEMS

1900-1929

The urban land problem first appeared as an issue of concern to those who advocated government action on housing and urban development problems during the years leading up to the first world war. A growing number of engineers, civil servants, architects, surveyors, businessmen and others became interested in housing problems. Most of those interested in housing were also interested in the institutionalization of urban planning as a function of government. Planning, and in particular, regulation of some problematic aspects of the land development process, was viewed as part of the solution to the problems of housing the urban working class in sanitary conditions. The prominent planners advocating this approach were Thomas Adams, Frank Beer, Frank Buckley, Noulan Couchon, A. G. Dalzell, Charles Hodgetts and Horace Seymour.

The first 15 years of this century were marked by very rapid urbanization. Rural to urban migration and unprecedented rates of immigration contributed to urban growth. Growth was particularly rapid in the country's

western cities. For example, in the first decade of this century population growth in western cities was: Calgary 940%, Edmonton 864%, Vancouver, 306% and Winnipeg, 225%. Many eastern cities were also growing quickly. From 1901 to 1911 Montreal increased its population by 54% and Toronto, 58%. Housing construction during the years preceding the first world war was also booming. The average annual number of housing starts almost more than tripled from an annual average of 20,450 completions during the four years from 1900-1903 to an average 73,100 completions per year during the years 1909-1914. (See Figure 1)

Table I indicates, the boom in urban growth and housing construction led to widespread land speculation in and around urban areas. As Table I shows, land values increased dramatically during the 1911-1915 period. In 1926 a Saskatoon land dealer explained why land speculation was rampant during the pre-war period:

Very few properties were purchased for cash in Saskatoon during the boom days. The chief concern was to raise enough money for an initial cash payment. Future payments, it was assumed, would take care of themselves...You could sell anything, anywhere, to anybody, at any price. (Cited in Thomas, 1981, p. 256)

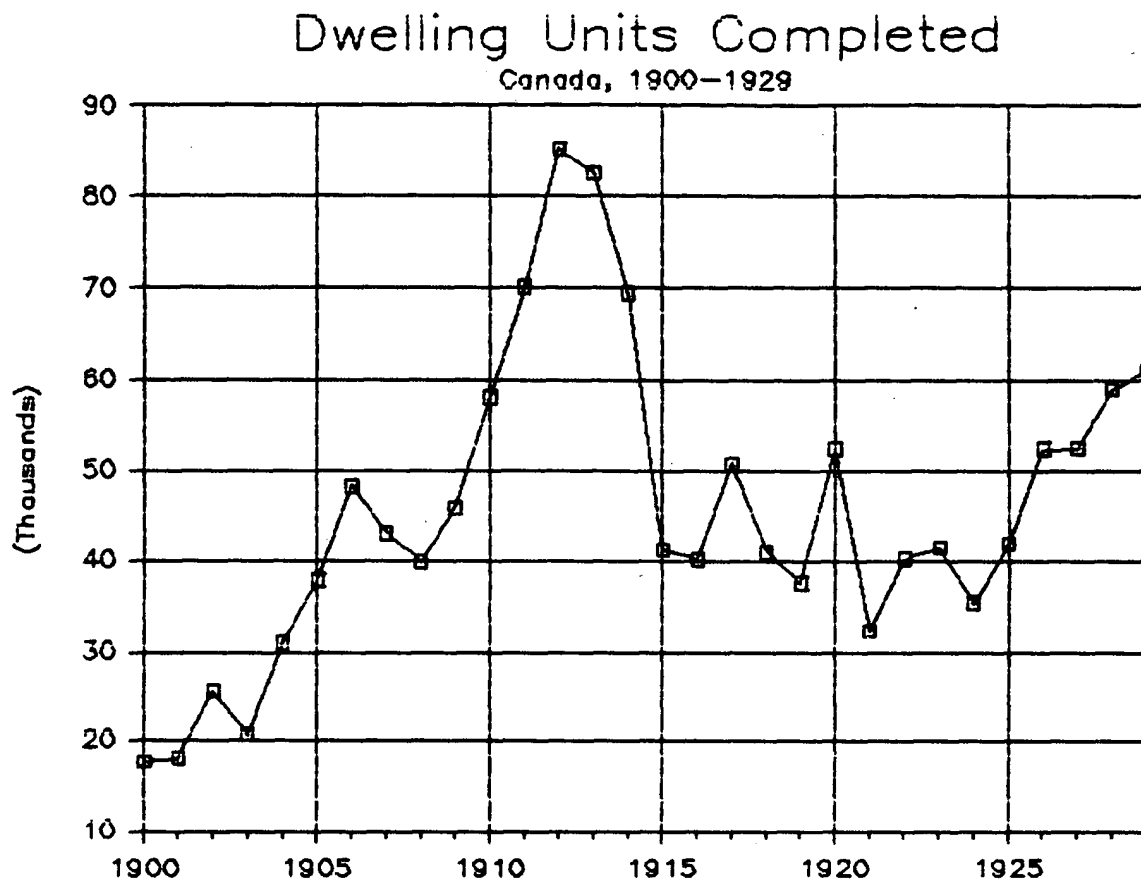
Housing costs and rents generally increased faster than wages. A 1914 federal Board of Inquiry into the cost of living found that from 1900 to 1913 average wages had increased 44% while average rents had risen 62%. However, with the collapse of the western wheat economy and the start of the first world war, the boom in urban growth and

land speculation came to a halt.(Weaver, 1977, pp. 10-13)

During the war years and the post war period the average annual number of completions decreased to almost half the level built in the five years leading up to the war. Although by the late 1920's the annual rate of housing completions rose to almost 60,000 per year, they never reached the rates set during the pre-war boom years.(See appendix Table)



FIGURE 1



Source: Appendix B of this report

Table I  
Population and Land Value Increases in Canadian Urban  
Centres, Percent change, 1911 to 1915

	Population	Land Value Increases
6 Largest cities	+26%	+38%
2nd group of cities 31,000 to 7,000	+32%	+21%
3rd group of cities 5,000 to 10,000	+17%	+60%

Source:  
"Municipal Development in Canada" (1921)  
Town Planning and Conservation of Life, 7(1)  
Jan.-Mar., pp. 1-6.

## 2.1 The emergence of a Town Planning and Housing Movement in Canada

By 1910 a town planning movement had emerged in Canada. One group of planners focused almost exclusively on city beautification, calling for the development of civic squares, major public buildings and the reconstruction of roadway systems. Another group placed more emphasis on land use regulation and the planning and design of suburban neighbourhoods. Housing was an explicit concern for many planners in this group. (For more background on this period, see Hulchanski, 1981, p. 50; Van Nus, 1977, pp. 162-184; Simpson, 1982, pp. 1-12; Weaver, 1977, pp. 393-413; and Rutherford, 1977, pp. 368-383.)

Many of those planners interested in housing viewed the 'suburban solution' as the answer to many of the urban problems of the period. They believed that improved housing would encourage better citizenship among the working class and discourage social unrest. Improved housing conditions, for many planners, meant the encouragement of homeownership and the planned development of tracts of single family homes. For example, when discussing the housing problem in 1913 Sir Edmund Olsler identified the design of residential districts as the key housing problem.

The housing question in our cities is, as we all know, a very difficult matter. The cost of land has risen, the cost of building is high - we have not the organization for properly directing the layout of districts where workingmen's houses should be

built.(Commission of Conservation, 1913, p. 9)

One influence on the early advocates of government action on housing conditions was the Garden City concept as first proposed in Ebenezer Howard's 1899 book Tomorrow: A Peaceful Path to Real Reform (later re-titled Garden Cities for Tomorrow). Howard viewed land reform as the basis of all reform leading towards improved urban conditions.

The holders of agricultural land, at least those who are willing to sell - and many of them are even now most anxious to do so - will welcome the extension of an experiment[the development of Garden Cities]...The holders of city lands will, so far as their merely selfish interests prevail, greatly fear it. In this way, landowners throughout the country will be divided into two opposing factions, and the path of land reform - the foundation on which all reform must be built - will be made comparatively easy(Howard, p. 148)

Among Howard's proposals for improving urban conditions and the housing situation, in particular, was the call for community ownership of land. Land would be purchased at agricultural prices and then held in trust by a Board of Trustees. The community would reap the benefits of the increased land value through the rents collected for use of the land. These rents would be re-invested in the community rather than allowed to be privately appropriated.(Howard, 1899, pp. 122-123)

Among the Canadians aware of the Garden City proposal was G. Trafford Hewitt, President of the Province of Nova Scotia Housing Corporation. Trafford told the 6th National Conference on City Planning held in Toronto in 1914 that:

the only solution to the housing problem is offered by the Garden City and Town Planning Movement...which has proved itself as a means of avoiding congestion and overcrowding. (Hewitt, 1914, p. 180)

Furthermore, he criticized the current practice of suburban development where:

The speculative owner of property has, with the aid of the provincial or local land surveyor, mapped out streets and lots, so as to make the most for the owners, while no thought to the question of how the work should be done in the interest of the health and convenience of the community. (Ibid, p. 188)

However, the Garden City concept remained only a concept and it was never implemented in Canada. The most important role played by the Garden City concept in Canada was that it provided inspiration for those advocating improved conditions in the development of suburban residential areas.

During this early period, Canadian planners focused their attention on the adoption of provincial town planning legislation which would enable the municipalities to prepare municipal town plans, implement subdivision regulations and impose betterment levies. Thomas Adams explained the function of planning in this way:

it is the exercise of foresight in the lay-out of land; it is part of the problem of combining healthy living conditions with sound economic development. (Adams, 1915, p. 307)

Town planning measures, according to the early planners, would ensure that land speculation and 'leap frogging'

subdivisions would not inhibit the productive capacities of society and impose unnecessary costs of public authorities.

## 2.2 Land speculation and the early town planners

Most of the early advocates of planning defined land speculation as the key urban land problem, arguing that land speculation decreased the affordability of housing and encourages the scattering of residential development on the urban fringe. The problem posed by land speculation for housing the average worker was typically described in the following terms:

This increase in land cost is partly owing to the increased cost of improvements, but is chiefly due to an unwarranted increase in the price of agricultural lands, as soon as they are divided into lots. The bulk of this increase goes into the pockets of real estate speculators and is a real danger to the future of Canada. These conditions cause the providing of houses for the occupancy of industrial workers at a reasonable rental, to be difficult. (Simpson, 1915, p. 17)

Most advocates of land reform insisted that land speculation increased land prices so that adequate housing was unaffordable to a large group of working class families seeking housing in urban areas. One observer, writing about housing conditions in the city of Vancouver during this period noted that:

Quite a few (working class families) are proceeding to acquire their own homes....Very few indeed of these live within easy walking distance of their work,

most of them being driven by the high price of land to seek lots more within their financial scope in comparatively outlying areas.(Fripp, 1914, p. 1276)

The pre-WW I urban real estate boom was marked by the subdivision of agricultural land often far from the built up margins of existing communities. Known as 'leap frogging' subdivision, this pattern of haphazard growth was of great concern to municipal officials and advocates of housing reform. Reducing land speculation and the cost of services was viewed as one way of reducing the overall cost of new suburban housing.(Adams, 1916, p. 73)

Critics of suburban land speculation attempted to distinguish between acceptable and unacceptable ways of holding and selling land. Thomas Adams wrote that there was nothing wrong with making profit on the sale of land. In his writings he often distinguished between 'land gambling' and 'land speculation'. Land gambling, according to Adams, was the culprit. Writing in the Conservation of Life in 1916, Adams asked:

Is it not time to make some investigation into the methods that have pursued and the problems that have been created by the real estate community as distinct from proper and legitimate real estate speculation? (Adams, 1916, p. 73)

Land gambling was, in Adam's mind, when a landholder saw the purchase of suburban land as an 'all or nothing' proposition where he would subdivide the land, have it serviced by the municipality and then attempt to sell the lots for residential development. If the landowner failed to make a

profit on the land sales, he would abandon the land leaving it vacant and the municipality with a sizeable investment in infrastructure that was not immediately needed. On the other hand, acceptable land speculation, according to Adams, was when a land holder took profits from the sale of his lands without placing such a great burden on the public purse. (Adams, 1916, p. 73)

W. F. Burditt, Chairman of the St. John Town Planning Commission, in a paper presented to a 1917 Urban and Rural Development conference in Winnipeg, agreed with Adams and suggested that land speculation represented the excesses of a limited number of landowners. He argued that land use planning would ensure that the actions of the land subdivider reflected the general interest of the community.

In the planning of land for urban use, the subdivider is not the only party interested; the prospective occupier and the community should also be considered. The object of intelligent planning should be to harmonize these three interests, which are not so divergent as might appear. (Burditt, 1917, pp. 71-72)

According to Adams, Burditt and other prominent planners of the day, excessive land speculation, not private land ownership, was the major urban land problem relating to housing. It was this problem, speculation, which government land policy had to address.

### 2.3 Proposals for government action on urban land policy

The most common recommendations made for land policy were: (1) some form of betterment tax on land: (2)



subdivision and land use regulation; and (3) greater government involvement in the supply of housing.

Adam Shortt, an economist who advocated land taxes, called for a tax on the unearned increment:

What is needed is a tax that will tax the speculation. This would not be a case of jumping on a man simply because he was dealing in land. Not at all. It is right that, during this period of exceptional prosperity for those dealing in land, the municipality should get a slice of the profits of that prosperity at that time. (Shortt, 1922, p. 17)

Such proposals were similar to the betterment levies introduced in the 1909 British Town Planning Act. A draft provincial planning act prepared by Adams as town planning advisor to the Commission of Conservation also included provisions for betterment levies. Although proposals for taxing the unearned increment were not uncommon they were never implemented.

The single tax, as proposed by Henry George, was rarely proposed by the early town planners. Thomas Adams discouraged communities from implementing high land taxes. Writing in 1919, when many communities maintained high land value assessments despite lower land prices, Adams warned that high land taxes might

be a means of destroying production and burdening producers instead of the speculators in a country where land is plentiful and owned by 50 or more per cent of the citizens. (Adams, 1919, p. 367)

He suggested that the time to collect a land tax or a betterment levy was when land was converted from

agricultural to urban use. Adams advocated the taxation of the unearned increment<sup>1</sup> because it was these were socially, not privately created. (Adams, 1917, p. 114)

A second solution proposed for urban land problems were regulations such as suburban development reducing the potential for land value increases, regulations imposed constraints on the the timing and design of new subdivisions reducing the potential for 'leap frogging' subdivisions and thereby reducing the municipal cost of servicing subdivisions. Thomas Adams explained the rationale for subdivision controls in this way:

The attitude of mind which has permitted individual citizens and political leaders to indulge in an orgy of land speculation has not only added enormously to the liabilities of the cities, but also added to the taxes on industry, as a consequence of a wasteful system of constructing local improvements. (Adams, 1921, pp. 12-13)

Through the process of of public planning of aspects of land development, Adams argued, housing and general urban conditions would be improved:

The proper control of land development is needed to prevent the undue density of buildings in parts of our cities and undue scattering of buildings in other parts...All land should be planned with the definite

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<sup>1</sup>The unearned increment is the increase in land values resulting from general economic growth and community development. This increment is defined as unearned because the increase in land value is not generated due to any effort on the part of the landowner.

object of securing health, convenience and amenity in connection with industry and residence. (Adams, 1919, p. 472)

Adams was trying to address the potential negative impacts on the public of land speculation for both newly developing suburban land as well as the already developed urban areas.

As might well be expected, there was a fair amount of opposition to such proposals, particularly from the real estate community. Montreal engineer and then Vice-President of the Town Planning Institute of Canada James Ewing, for example, writing in 1921 on proposals for town planning controls, noted that because land use regulations interfere with the rights of private land ownership they are vigorously opposed by many individuals and firms.

Another objection likely to be raised is that we are starting to interfere with individual interests and the rights of private property. If there is one thing more than another that has brought us into this mess it is the assertion and exercise of individual privilege over public interest and the common good. (Ewing, 1921, p. 8)

For planners such as Adams and Ewing, obligations had to be imposed on landowners through subdivision controls that would ensure that the municipal government's interest in the efficient use of infrastructure was achieved. These obligations, they argued, would discourage land speculation on the fringe of urban areas.

A third solution to land and housing problems was greater government involvement in the supply of housing in order to provide an alternative for those who could not afford market housing. Proposals for the provision of

working class housing were put forward by a committee of Toronto manufacturers as early as 1907. In doing so, they urged a programme that would assist workers in the purchase of housing and downplayed any proposals for rental housing because, they argued, there was a much stronger orientation towards private land ownership in North America than there was in other parts of the world.

In England the people are of a more conservative character and are quite used to the rental system. In Canada the average citizen is more ambitious and desires propertyship. (Roden, 1907, p. 653)

It was not until several years later that C. Yorath, City Commissioner for the City of Saskatoon, advocated government measures to lower the cost of housing. This proposal was also designed to make homeownership more affordable. He suggested that local authorities purchase agricultural land for eventual use as residential lots. He also suggested that local building societies might be encouraged to work with local authorities in obtaining land for housing. (Yorath, 1914, p. 109) Adams proposed a homestead programme that would grant free land to those needing it for housing. He argued that if families were required to build a house on the lot, "there might be no objection to offering free sites to individuals desirous of erecting homes for themselves". (Adams, 1914, p. 29)

The range of the proposals for curbing land speculation, however, did not include measures that challenged the institution of private land ownership. These

proposals only sought to impose obligations on the owners of land rather than modify the basic rights of ownership and exchange associated with the rights of property.

#### 2.4 The 1919 Federal Housing Programme and the Land Problem

While the Commission of Conservation had advocated land use regulation, greater government involvement in the provision of housing and betterment levies, the federal government's first housing programme was not until 1919. The period following the end of the First World War was marked by a great deal of labour unrest and severe housing shortages. During 1919 the federal government established a Royal Commission on Industrial Relations and later called a National Industrial Conference of politicians, business and labour to discuss a programme to cope with industrial unrest. Both bodies identified poor housing conditions as a contributing factor to labour unrest and called for government action on the housing problem.

The Royal Commission indicated in its report that "the high price of building land and of building material have made it impossible for the worker to provide himself with a home". (Royal Commission Industrial Relations, 1919 p. 13) No specific reference was made to land speculation nor was urban land further discussed beyond a reference to the high cost of building sites.

The National Industrial Conference, which was convened several months later, identified the high cost of urban land

as one cause of the housing problem. Land speculation was mentioned in one of the resolutions adopted unanimously by the conference. The resolution stated, in part, that "much industrial unrest, economic loss and social suffering has resulted from land speculation, and insufficient housing, and high rents". (National Industrial Conference, 1919, p. 122) Housing, however, received little attention compared to such issues as strikes and the need for a minimum wage.

In December 1919 the federal cabinet passed by order-in-council an appropriation of \$25 million to assist in the construction of housing. In its identification of three general objectives for the 1919 Housing Programme, the government focused attention on urban land problems:

- 1) to promote the erection of dwelling houses of modern character to relieve congestion of population in cities and towns;
- 2) to put within reach of all workingmen, particularly returned soldiers, the opportunity of acquiring their own homes at actual cost of the building and land acquired at a fair value, thus eliminating the profits of the speculator;
- 3) to contribute to the general health and well-being of the community by encouraging suitable town planning and housing schemes. (Canada, 1919, p. 10)

The brochure explaining the programme, which was written by Thomas of Adams, stated that "the provision houses, so far as it may be regarded as a public duty, is a matter which properly comes within the jurisdiction of the provinces and the municipalities". (Ibid, p. 10) The government's description of its housing programme, therefore, recognized

that in some instances the provision of housing could be a public responsibility, that the past pattern of urban development and private sector housing developments had not been satisfactory and that there was such a thing as a fair price for land.

A 1919 federal government publication, Conservation of Life, linked the urban land problem with housing problems. It explained that the programme was needed because, in part, housing problems had resulted from urban land problems.

At present the workingman has too many 'interests' against him in wanting a site at a reasonable cost for a home. The real estate operator wants his big profit out of the land; the city council wants its high assessment values of land in order to keep down the tax rate...against such a combination it appears difficult to get land at a cheap rate for housing subsidies.(Adams, 1919, p. 1)

However, the programme did not tackle the land policy issue. Instead, it merely advanced funds to the provinces to be loaned to builders for the construction of housing. By the termination of the programme in 1923, 6,242 houses had been built in 176 municipalities on scattered sites with these publicly financed loans.(Grauer, 1939, p. 35-38)

Both government officials and housing reformers viewed the programme as a failure because it did not provide housing for the average working person. Most of the housing was only affordable for the middle income families able to afford the required down payment and then qualify for the mortgage loan. Though the programme had emerged from a concern about industrial unrest and the problems of housing

industrial workers, the housing programme failed to reach these families. Even if it had, the programme would have had a little impact due to its limited funding. The programme's funds were all utilized by 1923 and the government did not undertake any further direct involvement in the provision of urban housing until 1935. (Grauer, 1939, p. 38; Seymour, 1939, pp. 9-10) To the extent that it stimulated housing construction, the 1919 programme supported the private land market by increasing the demand for residential lots.

#### 2.5 The 1920's: City Planners and Housing

For most governments, the housing problem was not of great concern during the 1920's. As indicated by figure 1, housing starts increased from the depressed levels of the late teens. However, some members of the emerging planning profession continued to advocate more government action on housing problems. For most planners, housing was a physical land use problem. Planners were concerned with the mixture of industrial and commercial land uses with housing. Also, they sought the reduction of costs in the provision of infrastructure for residential development through subdivision controls. While many planners recognized that some aspects of housing problems resulted from "the evil fruit of laissez-faire policy of town building" as J. D. Craig (1928, p.339) argued, the actual planning measures put in place were quite insignificant.

Much effort by the planning profession during this



decade was directed not towards the government provision of housing, but towards the institutionalization of city planning as a permanent, on going function of government. Planners advocated the preparation of city plans and the establishment of subdivision controls and zoning bylaws as instruments for the solution of urban problems. During the 1920's the centrepiece of municipal planning was envisioned by the planning profession as the master plan and the zoning bylaw. However, only two major city plans and accompanying zoning bylaws were prepared during the 1920's, the Kitchener, Ontario(1924) and Vancouver, British Columbia(1928) plans. Neither of these called for the direct involvement of government in the provision of housing. In these plans the provision of housing was seen as the role of the private sector, while the role of the public sector was to regulate the location, siting and dimensions of housing.(Seymour, 1924, pp. 125-130; City of Vancouver, 1928, pp. 233-235)

The Vancouver general plan, for example explained its role in housing in the following terms:

one of the primary objectives of a plan is undoubtedly to provide suitable areas for the erection of houses for those who are engaged in the industrial or commercial life of the city.(City of Vancouver, 1928, p. 233)

Moreover, the role of government in housing was, according to the Vancouver plan, the provision of infrastructure for new residential areas. (Ibid, p. 233) The plan did, nevertheless, recognize that housing problems existed, but

that they were beyond the scope of the plan.

The housing problem, however, as outlined by some, can only be solved when the city or state is in the position to guarantee to every individual householder a wage sufficient for the payment of a reasonable rent. While town planning can go far to create and maintain desirable housing conditions, it is beyond its scope...to concern itself with this very important economic problem. (Ibid, p. 234)

Town planners appeared to advocate some measure of social changes such as the imposition of obligations on urban landowners through land use regulation. However, when it came to implementing municipal planning measures, some planners conceded that the city master plan and zoning bylaws were, as policy instruments, limited in their ability to address housing problems.

## 2.6 Housing Problems and the technical fix

One of the few prominent planners concerned primarily with housing was A. G. Dalzell whose articles and publications appeared regularly. Dalzell, a Civil Engineer, had been Assistant City Engineer for the City of Vancouver, a housing researcher for the Commission of Conservation and assistant to Thomas Adams in the administration of the 1919 federal housing programme. Dalzell called for more government action on housing problems and paid particular attention to land speculation. According to Dalzell, "uncontrolled land speculation and the utter absence of town planning was at the root of the problem". (Dalzell, 1927, p. 59) Furthermore, the improvement of housing conditions "can

only be done when residential development is carefully planned and likewise carefully controlled".(Dalzell, 1926, p. 29) Careful planning would, Dalzell wrote, lower the cost of land for housing and would "eliminate as far as possible the speculation in homebuilding".(Dalzell, 1928, p. 38)

Dalzell argued that a number of urban land problems had led to the high cost of housing:

- 1) landowners keeping land out of the market until the highest prices could be obtained;
- 2) the high price of land resulting from overly intensive residential development, narrow streets and small building plots;
- 3) the high price of land making it difficult for the industrial worker to finance his house.  
(Dalzell, 1926, p. 24)

His solution to these problems were:

- 1) placing large areas of land on the market well advance of development;
- 2) widening streets and requiring larger building lots; and
- 3) instituting easier financing terms. (Dalzell, 1926, p. 24)

As an engineer Dalzell tended to see solutions to housing problems as technical rather than social questions. For example, in 1927 he argued that "Housing for poor people is not a hit and miss affair, dependant on the price of land and the profiteering prospects of the jerry builder, but is a problem of scientific humanism".(Dalzell, 1927, p. 11,60)

Dalzell and others viewed the urban professions as managers of social problems, rather than as professionals who might challenge the fundamental institutions of society.

They viewed urban problems in purely technical terms, seeking solutions involving regulation and better design, rather than fundamental social change.

However, at times these advocates of government action on housing problems did make some reference to problems inherent in the urban land market. For example, in a 1925 article the editor of the Journal, Town Planning Institute of Canada, Alfred Buckley, advocated the community ownership of land and the building of Garden Cities as the solution to housing problems. He identified the urban land problem as the private appropriation of land values that were publicly created.

The mopping up of community created land values by private persons is the cause of the present impasse in providing decent living conditions for low salaried office workers and low paid wage earners. (Buckley, 1925, p. 5)

In a similar vein, Noulon Couchon, a prominent Ottawa based town planner and engineer, argued that there was an undue emphasis on the rights of property and the interests of landowners.

The fetish of 'fee simple' has been idolized on this continent as an instrument of liberty and as an advertisement for emigrants seeking relief from the 'doings' of individual 'landlordism' in Europe. They are being coaxed by the irony of fate to come and likewise 'do' and 'be done' ultimately. (Couchon (1927) p. 38)

Thus, for Couchon the very system of landownership had inherent problems that would ultimately create more problems than it would solve.

One of the few experiments in public land policy involved the University Endowment Grounds in Vancouver. Developed during the 1920's, many of the lots were sold to landowners on a leasehold basis. A paper presented at the 1927 conference of the Town Planning Institute of Canada explained the development in this way:

The tyranny and injustice of land profiteering may need to be met by the acquisition of land in large areas at agricultural prices with leasehold tenure so that the savings can go into better buildings and some form of reasonable credit so that poor families may gradually pay without the crushing cost of land. ("Notes on the 7th Annual Convention of the Town Planning Institute of Canada", 1927, p. 118)

Nevertheless, the majority of housing that was developed on the site went to middle class home buyers. As Buckley told the 1927 conference, "This scheme does not touch and cannot touch some of the major problems of town planning...Nor does it touch the great problem of providing housing accommodation for low wage earners." ("Luncheon at the University Endowment Grounds", 1927, pp. 145-147)

The 1927 Town Planning Conference also had a session which addressed the problems of housing. Transcripts of the session indicate that there was little or no discussion about the problems of land speculation. The urban land problem was defined in technical terms where better controls, improved design and the involvement of 'scientific' men would solve the land problem. Transcripts of the workshop indicate that most of it was spent on the topic of housing design rather than land reform. Buckley,

for example, limited his suggestions for reform to the involvement of town planners in the provision of housing.

The orthodox argued that it (the provision of housing) would be better managed by private enterprise, but it was not managed at all until it was put into the hands of scientific town planners of incorruptible integrity and treatment as a scientific problem, just as sewer and water supply would be. ("Notes on the 7th annual convention of the Town Planning Institute of Canada," 1927, p. 141)

Most planners, therefore, appear to have viewed land and housing as essentially technical issues.

## 2.7 Conclusion

Few advocates of land policy in this period challenged the treatment of land as privately held commodity. However, the unregulated development of urban areas and the widespread land speculation of the pre-war period and the 1920's posed a number of problems. Many municipalities carried heavy debts due to the high cost of servicing the scattered location of suburban residential subdivision. Also, haphazard and non-conforming land use patterns in the built areas of cities often reduced property values. The primacy of urban land markets and private land ownership, however, were rarely challenged. The land speculator, not the land market, was identified as the villain responsible for many of these urban land problems.

In response to the problems of unregulated urban development and land speculation advocates of land policy called for measures which regulated the use of land.

Government policies proposed during this period generally fitted into one of three categories. First, the early town planners emphasized the need for a 'scientific' approach to land use planning. Many argued that land use zoning and subdivision controls would curtail land speculation especially on the fringe of urban areas. Second, a smaller number called for unearned increment taxes to be imposed when land was converted from agricultural to urban uses. It was argued that because land value increases were generated by general growth and public investment, local governments should benefit from the increased values. Third, a small group of individuals and planners called for government provision of housing for those who could not afford adequate housing in the private market. None of these measures sought to completely remove housing from dependence on the land market for residential land. Any challenge to the treatment of land as a privately held commodity was constrained by the prevailing liberal ideology of free markets and property rights and the strong desire of most working class families to own their own homes. Also, the relatively small planning profession only began to establish itself in the 1920's and during that period the pace of urban growth, and consequently, urban land problems were not as great as they had been in the pre-war wars. As a result of these factors, the provision of housing remained a purely private sector activity.

### CHAPTER THREE

#### WHAT LAND PROBLEM?

#### THE DEPRESSION YEARS: 1930-1939

Housing problems resurfaced as a major public concern during the depression but the content and nature of the debate was quite different from that of earlier decades. Land speculation was no longer an issue. This reflected the depressed real estate and housing markets.

Economic activity decreased markedly. The nation's economy, as measured by the annual Gross National Expenditure, dropped 38.7% from 1930 to 1935. (Urquhart and Buckley, 1965, p. 131) Decreased economic activity also resulted in declining house values. In Canada's major cities, from 1931-1941, the value of owner-occupied homes declined by an average of 33%. Housing completions declined 65% from a high of 64,700 in 1929 to a 1930's low of 21,900 in 1933. The investment in non-farm residential construction in 1933 was only 28% of the investment in non-farm housing in 1929. Unemployment in the building trades increased from 10.4% in 1928 to 67.1% in 1933. (Firestone, 1951, pp. 57, 78) With high unemployment, incomes also dropped which made it difficult for many families to obtain adequate housing. (Thompson, 1983, p. 16)



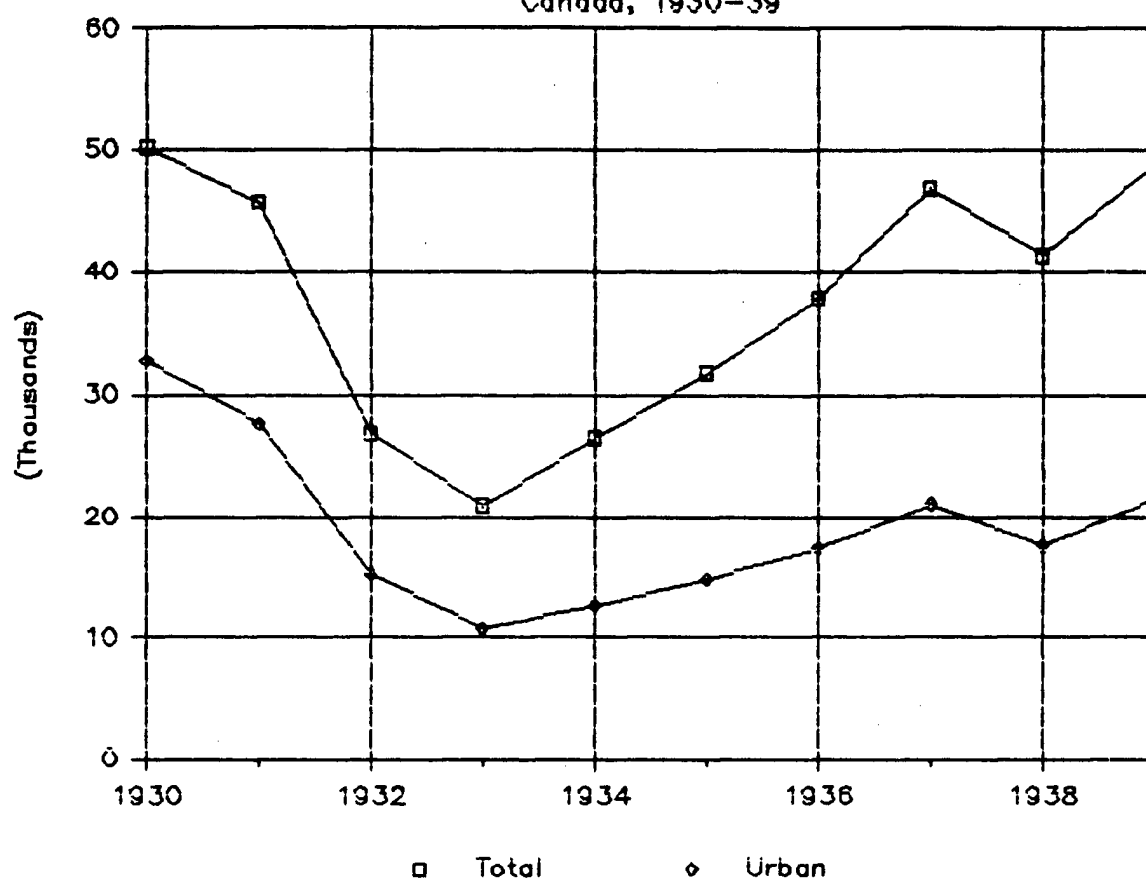
These conditions focused attention on the need for government action. The initial response came from municipal governments who were responsible for distributing relief to the poor and from provincial governments which were, under the BNA act, responsible for housing. The first government to pass housing legislation during the 1930's was the Province of Nova Scotia. Due to the lobbying efforts of the Better Housing League, Boards of Trade and other civic groups, the province of Nova Scotia adopted a Housing Act in 1932. The following year the Winnipeg Department of Health undertook a housing survey of certain districts of the city. In 1934 there was even more activity relating to housing problems. In Toronto, the Lieutenant.-Governor's Committee on Housing Conditions in Toronto was established to study the slum housing problem recommending a programme of slum clearance and subsidized rental housing. The Montreal Board of Trade and the Montreal Civic Improvement League published a Report on Slum Clearance and Low Rental Housing which also recommended slum clearance and the provision of low rental housing. The Ontario provincial legislature passed a unanimous resolution endorsing the principles of slum clearance. In Ottawa, the National Construction Council established a sub-committee on housing as part of its Ottawa Regional Committee. (Hulchanski, 1978, pp. 15) However, actual government involvement in housing beyond studying the problem and passing some legislation was absent until the federal government, in 1935, introduced the Dominion Housing

Act.

FIGURE 2

## Dwelling Units Completed

Canada, 1930-39



Source: Appendix B of this report

### 3.1 The Special Committee on Housing and the Dominion Housing Act

Prior to the adoption of the Dominion Housing Act, the federal Parliament established in February 1935 a Special Committee on Housing. Its terms of reference were "to investigate and report upon the inauguration of a national policy of house building...in order to provide employment throughout Canada...having regard to the cost of such a policy and the burdeon imposed upon the treasury." (Canada, House of Commons, 1935, p. iii) Over a period of a month and a half the committee called witnesses from across Canada including many city planners and officials from the private sector. No interviews were conducted with groups such as labour or progressive political organizations. The committee's discussion of housing problems indicated that housing, during this period, came to be viewed as a problem generally separate from land problems. For example, the urban land market and land speculation were seldom raised as problems for the provision of housing.

Noulan Couchon, then chairman of the Ottawa Planning Commission, was called as the first witness and remained with the committee throughout the hearings as a consultant. Couchon's testimony, like that of all witnesses, made little or no reference to the land component in the provision of housing. The urban land problem was defined as a problem of congestion that could be ameliorated with the implementation of government land use regulation. As Couchon told the

committee:

The crux of the problem of housing and the crux of the problem in town planning is congestion; that is congestion of traffic which affects...the accessibility to homes. (Ibid, p. 7)

According to Couchon the solution to these land problems was suburbanization and lowering land prices through greater competition in the sale of residential land.

Competition, under the present dispensation of private land ownership of property is the only way you can secure cheap land for the purpose of housing. (Ibid, p. 7)

The next major witness, P. E. Nobbs, a town planner from Montreal, continued with the same theme of suburbanization and cheap land as being the best solution to housing problems.

Whenever possible you have to move a family on to outer land. You cannot only then give them more land, but more amenity that way; and it is cheaper to do it. (Special Committee on Housing, 1935, no. 2, p. 48)

The committee, however, was concerned over the potential for decreased land values in the central city if the suburban solution was followed. The F. Rinfret, a Liberal and member of the Committee asked:

how are we going to compensate the house owners inside the city, in the central parts of the city, which properties become valueless if new quarters for the workingman are provided in the suburbs. That has always been one of the most vivid problems of the housing problem. (Ibid, p. 50)

Most committee members were concerned that government intervention in housing and land would harm the functioning of market.

One of the few references to land values was made in testimony by W. L. Somerville, an architect and Chairman of the Housing Committee of the National Construction Council. He told the committee that much of the existing housing available at low rents was on land that was destined for commercial purposes. Owners of such property, according to Somerville, could not be expected to rent such housing if opportunities for alternative uses of the land gave the landowner an opportunity to sell the land at a greater price than he had paid for it. (Special Committee on Housing, 1935, no. 4, p. 95-96)

Ernst Kahn, manager of the National Housing Experiment in New York City, told the committee that one should look for some compromise with real estate interests. He suggested that subsidies for loans and interest rates was likely the best approach for government housing policies aimed at middle income households. (Special Committee on Housing, 1935, no. 8, p. 243)

Low income housing, according to Kahn, could not be provided by the private sector.

There is one point of compromise between real estate and low cost housing, low cost housing should be left to those in some semi-official capacity, or limited dividend companies, because it is not a field for private enterprise. (Canada, House of Commons, 1935, p. 273)

Despite the committee's interest in low rental housing and slum clearance, Dr. W. C. Clark, Deputy-Minister of Finance, warned the committee not to consider programmes

that would make overly great demands on the public purse. He reminded them that the primary concern of the federal government was providing employment through housing construction, rather than solving the problems of housing.

It would be unwise to make any hasty commitments to the most difficult and the most complicated aspects of housing, for instance, the problems of slum clearance...We should concentrate essentially on the immediate emergency problem of using housing as a stimulant to business recovery. (Canada, House of Commons, 1935, p. 354)

The final report that the committee forwarded to parliament in April 1935 made no mention of urban land policy. It argued that housing was essentially an incomes problem and that housing was, in most cases, to be the responsibility of the individual.

Housing is primarily the direct responsibility of the individual co-operating with the local authority...The acuteness of the housing problem lessens to the degree that the wage scales of low wage earners is improved. (Special Committee on Housing, 1935, Final report, p. 6)

In June 1935 Sir George Perley, Minister without Portfolio in the Bennet government, introduced the Dominion Housing Bill. He explained that the bill was introduced "for the purpose of giving encouragement and assistance in the building of new houses, particularly for those with low wages". (House of Commons Debates, 1935 Session, p. 3909) The government had recognized that many families could not always obtain suitable housing without public assistance. The bill provided for federal mortgages covering 20% of the

value of the land and house. The private sector was expected to loan 60% of its value while the prospective household would provide a downpayment covering the remaining 20 per cent. There were no provisions for slum clearance as had been advocated in many of the housing studies prepared across the country. The Dominion Housing Act provisions for federal loans also applied to low rental projects undertaken by local authorities and provincial governments. In the House debates most discussion focused on the proposed rate of interest for the housing loans or the size of the appropriation for the proposed legislation. Only William Irvine, CCF Member of Parliament for Wetaskiwin, Alberta, attempted to focus the debate on broader issues.

The manner in which this bill provides for assistance where the capitalist system has fallen down is on an entirely capitalistic basis...capitalism has fallen down in the building of houses just as it has fallen down in almost every other undertaking of human service. ( House of Commons Debates, 1935 Session, p. 3929 )...

With little criticism of the central thrust of this bill, its principal objective remained to underwrite the financing of housing construction and increasing employment in the construction sector.

### 3.2 The 1938 National Housing Act and the Grauer Report

In 1938 the federal government introduced a replacement for the Dominion Housing Act, the first National Housing Act. In explaining the provisions of the bill to the



parliament, the Minister of Finance, Charles A. Dunning, said:

the purpose behind the measure is more that of helping the man with small equity to obtain his objective of owning his own home than that of merely reducing interests rates to those who have substantial equities.  
(House of Commons Debates, 1938 Session, p. 3970)

The essential components of the legislation were the same as those in the 1935 legislation. They included the expanded coverage of mortgage lending and loans for low income housing to limited dividend corporations and municipal housing authorities.

During the 1938 house debates little mention was made of land policy. The topic of land was only broached by Denton Massey, a Conservative M.P. for Greenwood who suggested that the federal government loan money to municipalities to establish land banks for the purpose of assisting individuals who need lots for housing. Dunning replied that the measure was worth considering, but there was no further discussion of land and the government took no action on the land banking banking proposal.

In 1939, as part of the Royal Commission on Dominion-Provincial Relations' programme of research, A. E. Grauer, the commission's resident expert and researcher, prepared a study on housing. Previous to this appointment he was Director of the University of Toronto Department of Social Science and was, after his tenure at the commission, appointed as President and Chairman of the B. C. Power

Corporation. His report on housing made several references to urban land problems, of which he placed most emphasis on land speculation.

Inflated land values and assessment valuations based upon speculative prices resulted in the construction of unsatisfactory dwellings in suburban areas. At the same time, high rents in the downtown areas meant the crowding of two or more families in single residences as a means of reducing expenses. (Grauer, 1939, p. 33)

Thus, Grauer linked land speculation with not only high land prices, but he also traced the results of land speculation to such problems as poor suburban housing. Grauer also linked speculative activity with the failure of local governments to enforce effective town planning regulations such as subdivision controls. ( Ibid, p. 33)

In his report he emphasized that housing was, according to the constitution, a provincial matter. Provinces, Grauer noted, would be expected to provide for low cost housing and to plan the general development of housing. Although the urban land problem was identified as one cause for housing problems, he placed much emphasis on town planning and government assistance in the provision of low income housing rather than any proposals for fundamental land reform or any great limitations on private property rights. In his final conclusion no mention was made of the urban land market.

## 2.7 The Social Democrats and the urban land problem

During the 1930's there was increased interest in democratic socialism as witnessed by the release of the Regina Manifesto in 1933, the organization of the Co-operative Commonwealth Federation as a national political party and the proposals of the League for Social Reconstruction. The politics of these groups were somewhat akin to those of the English Fabian socialists, essentially calling for greater government management of the economy. Two policy approaches were fundamental to these social democratic proposals. First, they called for public ownership of certain major sectors such as banking and transportation. Second, they called for government 'social planning' which would require the private sector to work for social goals as well as for profit. (League for Social Reconstruction, 1935, p. xviii; Co-operative Commonwealth Federation, 1933, pp. 7) Social planning was defined by the LSR as being:

- 1) the application of expert knowledge to problems;
- 2) not a fixed plan, but one that is continually revised and up-dated;
- 3) deliberate control over economic development;
- 4) supervision by a Planning Commission that would undertake surveys, formulate a co-ordinated programme, and execute and administer that programme.

(League for Social Reconstruction, 1935, pp. 218-219)

The first national CCF convention adopted a manifesto

calling for the dismantling of capitalism. One would expect that policies dealing with private land ownership would be a key element in their programme. However, land is never directly addressed in the Manifesto and it is only indirectly referred to as one of many natural resources. For example, the manifesto argues that that the workers' insecurity and hardship:

can be removed only in a planned and socialized economy in which our national resources and the principle means of production and distribution are owned, controlled and operated by the people. (Co-operative Commonwealth Federation, 1933, p.19)

The League for Social Reconstruction, in its Social Planning For Canada, focused some attention on the land speculator who is defined as an "interim landowner" who "owns land beyond the margin of building development". (LSR, 1935, p. 451) Despite some mention of land speculation, the high cost of land and the resulting 'inconvenient and expensive city plan that results from 'private' planning of land, most of the LSR's attention to urban issues is focused on town planning, not landownership or the institution of private property.

In 1938 the League published Democracy Needs Socialism providing further evidence that it avoided confronting the institution of the private land market:

Anti-socialists try to make it appear that the value of stocks, bonds and real estate would at once fall to zero under socialism, that the government would confiscate everything without payment and that the small investor and property owners would be

ruined. The small real estate owner need not fear for investment, land needed for housing schemes or other public purposes will be purchased at fair appraisal value. (League for Social Reconstruction, 1938, p. 107)

The LSR further noted that the owner of homes will be left in full possession of their homes. It appeared that, in their attempt to respond to their critics, the LSR was trying its best to assure farmers and urban homeowners that land would not be nationalized or confiscated. One can conclude that the LSR and the CCF saw the issue of public land ownership as a major political issue which they did not want to address.

### 3.4 Conclusion

The 1930's marks something of a watershed in the history of housing policy. The pattern for future public policy on the provision of housing was established during the 1930's by the first two federal housing acts. Many families in this period were unable to afford adequate housing due to the high levels of unemployment and reduced family incomes. Governments were particularly concerned with the high levels of unemployment. Unemployment encouraged the government to introduce a number of measures which included the housing acts. The federal government hoped that by aiding the private housing sector, the construction of housing would be encouraged and employment would be increased.

Land policy, however, was not a major concern to

housing policy-makers. During the 1930's land values had decreased, land speculation had disappeared and governments no longer had to contend with attempting to service the haphazard pattern of speculative suburban residential developments. Private land ownership received very little criticism. Even the C.C.F. limited their land policy proposals to the regulation of land uses. The treatment of land as a privately held market commodity received very little criticism from the C.C.F.. The C.C.F. Urged the introduction of land use regulation. However, even land use regulation was not pursued by governments during the 1930's because the pace of urban development was slow. In most respects, land policy was a non-issue for those individuals urging greater government involvement in the provision of housing.

CHAPTER FOUR  
POST-WAR GOVERNMENT HOUSING PROGRAMMES  
AND THE RETURN OF LAND PROBLEMS:  
1940-1969

During the war the federal government began to plan for the post war period. It established the Advisory Committee on Reconstruction in 1941 to make plans for the transition to peacetime and the reconstruction of the economy. Government plans included a central role for the federal government in the provision of wartime and post war veterans housing.

Four federal activities during the 1940's were of particular importance: the provision of housing through Wartime Housing Limited, the Advisory Committee on Reconstruction and its subcommittee's report on Housing and Community Planning, the passage of the 1944 National Housing Act and the establishment of the Central Mortgage and Housing Corporation in 1946. Of central concern was how government would accommodate the return of soldiers and the expected increase in family household formation.

The years 1940 to 1969 were a period of buoyant economic times that saw the economy turn around from the slump of the depression to a long period of economic growth.

These years were marked by increasing wage rates, low inflation, low unemployment, low mortgage rates and an upward trend in the annual number of housing construction. The completion of urban housing units increased from 49,000 in 1940 to more than 155,000 in 1969(see Appendix). During this period, except for a few minor declines in the annual rate of completions, there was a continuous increase in the number of annual completions. Increased housing construction activity reflected the high rate of employment among Canadian workers.

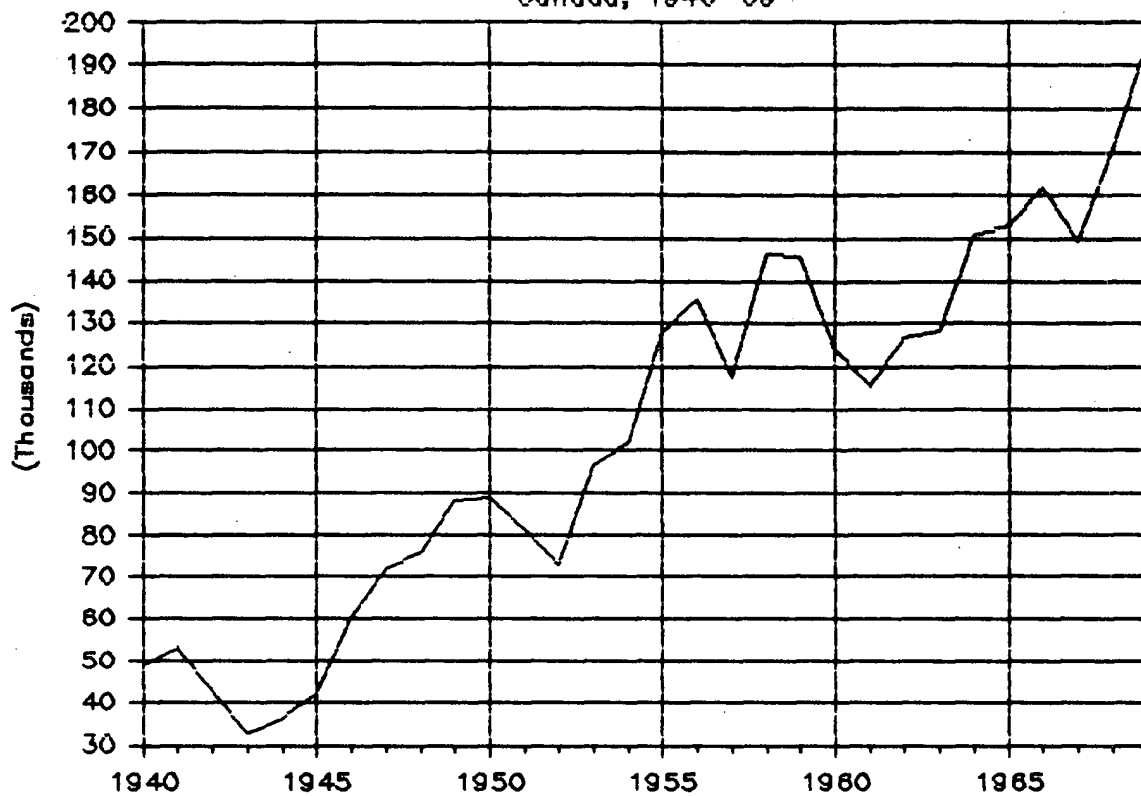
The increased amount of housing construction and increased income levels also translated into rising land prices. As shown in table II, residential land prices increased dramatically during the post war period at pace faster than the general level of price and income increases(increasing family incomes also reflected increases in two wage earner families). For example, while the consumer price index increased 62% and family incomes 184.3%, from 1949 to 1969, land costs for the average N.H.A. bungalow rose by 330%. The cost of land also represented a larger proportion of the cost of housing as the costs of urban infrastructure and raw land increased. As noted by table III, land increased from 8.1% in 1949 to 17.8% in 1969 as a proportion of the total cost of single family homes financed under the N.H.A..



FIGURE 3

# Dwelling Units Completed

Canada, 1940-69



Source: Appendix B of this report

Table II

Indexes of residential land costs, residential construction costs and consumer prices, 1949-1969

Year	Land Costs	Const. Costs per square foot	Consumer Price Index (all goods)	Consumer Price Index (shelter)	Index of Family Incomes
1949	26.8	75.9	77.3	66.8	56.4
1950	34.0	79.2	79.6	73.2	N.A.
1950	42.0	86.1	88.0	78.8	66.5
1952	48.1	88.3	90.1	82.7	N.A.
1953	48.0	89.1	89.3	85.2	N.A.
1954	68.1	90.6	89.9	87.1	77.9
1955	72.9	92.5	90.0	89.2	82.2
1956	81.2	96.3	91.3	91.3	N.A.
1957	92.1	98.1	94.3	93.0	87.3
1958	100.4	99.5	96.8	95.4	92.5
1959	100.8	101.6	97.9	97.0	93.4
1960	96.2	100.4	99.1	99.0	N.A.
1961	100.0	100.0	100.0	100.0	100.0
1962	103.3	99.5	101.2	101.6	N.A.
1963	109.7	100.7	103.0	103.4	111.7
1964	114.7	106.0	104.8	106.0	N.A.
1965	114.8	109.5	107.4	108.8	125.4
1966	122.5	118.4	111.4	112.2	N.A.
1967	128.6	122.9	115.4	117.5	141.3
1968	136.6	128.9	120.1	124.6	151.5
1969	147.7	137.8	125.5	133.1	160.6

Note: 1961=100.0

The indexes for land and construction costs are based on those for single family homes financed under the N.H.A.

Sources: CMHC, 1970, p. 65; Leacy, 1983, K8-18.

Table III

Land costs as a proportion of the total cost of single  
family homes financed under the N.H.A.,  
1949-1969

Year	The cost of land as a percentage of the total cost of the average single family house financed under the N.H.A.
1949	8.1
1951	9.6
1954	13.6
1955	14.2
1956	14.7
1957	16.1
1958	17.3
1959	17.1
1960	16.5
1961	16.9
1962	17.3
1963	17.8
1964	17.8
1965	16.9
1966	16.6
1967	17.0
1968	17.7
1969	17.8

Source: CMHC, 1978, p. 75.

During the 1940 to 1969 period federal housing measures widened in scope to include urban renewal, public housing, land assembly and servicing and the financial support for municipal planning. It increased its direct role in the production of housing. For example, while in 1940 10.9 per cent of housing starts were financed under the National Housing Act, by 1969 this had increased to 40.6% of housing starts.(CMHC, 1970, p. 1)

The period began and concluded with major federal studies of housing and urban development. The 1944 subcommittee report proposed a central role for government in the production of housing. The next major federal study, the 1969 Task Force on Housing and Urban Development questioned the performance of federal housing programmes and called for an even larger federal role in housing.

There were three major sets of N.H.A. amendments, the first in 1944 which introduced measures supporting community planning and the second in 1954 which introduced insured mortgages and permitted banks to loan funds under N.H.A.. The third set of amendments in 1964 expanded the government's role in the provision of low income housing.

In the discussion of housing policy the urban land problem emerged again after being ignored throughout the 1930's. The shortage of serviced land and rising land prices increased the visibility of the urban land problem.

#### 4.1 The Curtis Sub-committee on Housing and and Community Planning: 1942-1944

The subcommittee on Housing and Community Planning was established in 1942 by the federal government's Advisory Committee on Reconstruction:

to review existing legislation and administrative organizations relating to housing and community planning, both urban and rural, throughout Canada and to report regarding such changes in legislation. (Canada, 1944, p. 4)

It included senior provincial and federal civil servants, architects, university professors and municipal officials. Fearing the return of the economic conditions of the depression years, much hope was placed in greater government involvement in the economy through Keynesian policies and other measures to avoid the return of high unemployment and housing problems. The Sub-committee sketched out what they viewed as the phases of the post war period:

- 1) 1947-47      Reconversion and contraction;
- 2) 1948-50      Re-equipment boom;
- 3) 1951          Economic Peak;
- 4) 1952-54      Rapid Economic Decline.  
(Canada, Advisory Committee, 1944, p. 150)

Of greatest concern was unemployment in the post-war years and a possible housing shortage. Government housing policy was viewed as an anti-cyclical stabilization tool to be used as a policy instrument to avoid recessions.

The housing programme should be subject to a flexible margin for the purpose of fitting it into a larger framework of post-war policy aiming at economic stabilization and full employment. (Ibid, p. 150)

The Sub-committee also focused on the need for town planning and land use control measures. Town planning was given great emphasis in the report as one of the key factors in the improvement of housing conditions.

Town planning is essentially the matter of using land in its most efficient and socially desirably way. (Canada, Advisory Committee, 1944, p. 9)

The report recommended federal assistance to municipal governments to encourage the implementation of land use planning in order to prepare for housing developments. Unlike much of the planning literature from the 1920's, there was no criticism of the land development industry or the real estate community. The Sub-committee indicated its confidence in the market mechanism and the development industry by recommending that the provision of housing be the responsibility of the private sector

It has been assumed by the committee that the great bulk of housing, whether publicly, privately or co-operatively owned will be built by private contractors and corporations. (Ibid, p. 9)

The 1944 federal throne speech announced new housing policies and programmes, however, the new legislation did not follow the recommendations of the Sub-committee's report. The government indicated its concern for the maintenance of full employment and the reconstruction of the economy which would "require programmes of national and regional development, including housing and community planning". (House of Commons Debates, 1944 Session, p. 3)

Throughout the 1944 session of parliament housing problems were of great interest to the government and other members. Such topics as housing shortages, slum clearance, housing conditions in major cities and evictions were discussed. J. Illsely, the Minister of Finance who was also responsible for housing, told the house when introducing the 1944 N.H.A. amendments that:

If there is one thing upon which all parties in this house agree it is on the importance of placing a house building programme and the improvement of housing conditions well up in the forefront of the general programme of reconstruction. (House of Commons Debates, 1944 Session, p. 5973)

The measures proposed by the Liberals and later passed with no significant revisions made few major changes in the government's past approach to housing policy. Most important was the government's intention to increase funding levels of existing programmes. As before, policies sought to support the housing market and the construction industry by encouraging private sector investment in housing through joint loans, loans for low rental housing, and guarantee of loans for rehabilitation. The only major change was the inclusion of provisions for conducting technical research into housing and municipal planning. (Ibid, pp. 5638-5639)

Concern was expressed that the development industry was made up of too many small operators who, they feared, would be incapable of producing the large amount of housing that would be needed for returning veterans. If anything, the government wanted to encourage consolidation of the land

development industry.

One of the great weaknesses in the house building industry in Canada is the absence of a substantial number of companies with competent management and with sufficiently large resources to acquire large blocks of land, particularly in the large cities where land values are high, and to develop such areas in a comprehensive way, providing all necessary community and incidental services. (Ibid, p. 5977)

Although at that time housing was being successfully built and managed by the Wartime Housing Corp., no suggestion was made in the House debates that the direct government provision of housing was an option. It was recognized that the private sector could not cope with rapid urbanization and the production of housing without assistance, housing policy went to great lengths to ensure that housing and the urban land market would remain the domain of the private sector.

The CCF members did not actively oppose the tenor of the federal housing programme. They did argue that the proposed funding levels allocated for the N.H.A. were too low and that not enough emphasis had been given to town planning. CCF members suggested that town plans or zoning bylaws should be required before housing funds were made available to communities. CCF housing critic Stanley Knowles was concerned that increased government involvement in housing would lead to rising lot prices:

In view of the increased demand for building lots, as a result of the government housing proposals, will the government give consideration to the placing of a ceiling



price on lots available for new houses.  
 ( House of Commons Debates, 1944 Session, p.  
 3464)

Much of their criticisms indicated that philosophically the CCF were in agreement with the Sub-committee report on Housing and Community Planning and that they were concerned that the government was not paying enough heed to the report's recommendations. (Ibid, pp. 5981-5985)

#### 4.2 Post-war planners and the Housing Problem

While the federal government concerned itself with making increased mortgage capital available for housing, most land use planners turned their attention to physical planning concerns such as producing master plans, zoning bylaws and housing surveys that would oversee the construction of the infrastructure necessary for new suburban neighbourhoods.

E. G. Faludi, a municipal planner responsible for the preparation of many city master plans during the 1940's and 1950's including the 1944 Toronto master plan, identified housing as one of the three components of post war policy. He envisioned:

The opening up of land and resources that have never been exploited before the war that will need the building of new towns and villages. (Faludi, 1944, p. 6, 10)

Faludi and other planners were concerned with how to put in place the needed plans and land use controls which would guide the construction of infrastructure for suburban housing developments. The urban land problem was rarely

defined during the 1940's by planners and government officials in terms of land speculation or private property ownership. It was usually defined in terms of poor neighbourhood design, and the lack of adequate housing policies, municipal infrastructure and public land use plans and controls.

Some planners of this period advocated more government direction of all aspects of housing developments. For example, Peter Oberlander called for:

a housing era of more permanent long range policy, an accurate assessment of housing needs in all of its physical and social aspects must precede very large scale housing development. (Carver, Oberlander and Armstrong, 1949, p. 199)

The key to improved housing conditions, for many planners, was an overhaul of public policies and functions that would institutionalize municipal land use planning as a function of government. Humphrey Carver, an architect and later a CMHC staff member, when writing on the 'housing crisis in Toronto, warned that there was no effective control of fringe development. He further commented that the 1944 Toronto master plan had not "won the allegiance" of suburban municipalities and that the Etobicoke Master Plan (then the only other master plan in use in the Toronto region) did not conform to the Toronto plan. (Carver, 1947, p. 245)

In addition to the master plans and land use by laws being prepared, many studies of housing conditions were undertaken. One of the first during this period was undertaken for the City of St. John's, Nfld., on housing

and town planning. It focused on the improvement of housing conditions, the roadway system and the city's parks and playgrounds. Improved housing conditions, according to the report, required the improvement of not only houses, but also other community facilities and infrastructure. Although much of the report dealt with physical housing and community problems, it did propose a unique programme of government involvement in the assembly of residential land on the fringe of the city. The government land assembly followed the principles recommended in the 1942 British Uthwatt Committee. The Uthwatt committee which was appointed by the British House of Commons called argued that the state should benefit from any land value increases resulting from the permission of planning authorities to allow the conversion of privately held land from rural to urban use. It recommended that a betterment levy be imposed that would collect the increment in land values. The land assembly in St. John's attempted to adapt this principle by publicly assembling land for residential development and then leasing the land out to homeowners.

Land should be purchased at fair 'agricultural value'. The method of expropriation is an adaptation of the Uthwatt proposals and may be the first instance of the...method of determining fair agricultural value of land ready for building development. (Bland, 1946, p. 302)

The St. John's housing study resulted in the construction of 244 dwellings in a suburban residential development. Although the housing was sold, the lots were leased for a 99 year

period. (Ibid, p. 302)

After the war CMHC requested that communities prepare housing surveys and implement plans and planning controls before the commitment of federal housing assistance. (See Layout for Living, November 1949, pp. 2-20) Humphrey Carver identified the need for urban land policy that would address housing problems.

With a tremendous construction task on our hands, we cannot afford to provide streets, services and schools for isolated houses scattered widely over the raw land outside urban areas. Unfortunately this sporadic way of building continually threatens to develop as low income home builders, ever seeking lower costs, are attempted further afield by cheap land. (Carver, 1947, p. 2)

The search for cheap land was, according to Carver, resulting in suburban sprawl. Many households of modest incomes were forced by economic circumstance to locate outside the developed area of communities because land costs were high in the cities.

Although planners were concerned with the layout and control of residential and urban development, this was not of primary concern to the general public. Faludi and Adamson commented in a 1946 article that in preparing master plans and zoning bylaws across Canada:

the needs which appeared to the public of most consequence as a result of growth were public improvements such as disposal plants, schools, street modifications, parking, recreation areas and municipal buildings. Less interest was shown in improving blight, in setting aside land for growth and in controlling fringe development. (Adamson and Faludi, 1946, p. 2-3)

The major problems confronting government in the years following the Second World War was the provision of housing for returning servicemen and their families. The post war planners viewed their role as addressing the 'housing crisis' through public policies which provided an overall plan for the development of new residential neighbourhoods and also, increased the supply of urban, serviced land.

#### 4.3 The shortage of serviced land

While in the late 1940's housing policy focused on the role of municipal planning, a shortage of serviced land for suburban development began to emerge. It was estimated that more than 22,000 acres of land per year was required for suburban development. In 1952 David Mansur, President of CMHC, told the Parliamentary Committee on Banking and Commerce that by 1950 the majority of urban municipalities had used up most of their available serviced land and that the capacity of existing municipal trunk services was severely taxed. (Mansur, 1952, p. 82)

The federal government introduced amendments to the N.H.A. as early as 1949 allowing for the public assembly of lands for housing purposes. It was hoped that public land assemblies would encourage the development of planned residential developments. C.D. Howe, federal Minister of Reconstruction, told the House of Commons that he hoped the new amendments would direct more private resources into the production of decent new neighbourhoods.

The bill is meant to put at a financial disadvantage, vis-a-vis the lending institutions, such speculative developers who habitually build on scattered lots and sell to bargain-hunters who then shortly demand extravagant and haphazard extensions of municipal streets and services. (See Layout for Living, Fall Issue, p. 6)

Despite the passage of the amendments there was little government expenditure on public land assembly until 1951. (Dennis and Fish, p. 320-321)

The supply of serviced land was also constrained by the limits on municipal borrowing for capital expenditure. Municipalities reacted by requiring residential builders to finance services. Most builders, however, were only small companies and they did not have the resources to finance such services. (Ibid, p. 83) Robert Winters, the Minister responsible for housing, explained the problem to the House of Commons in this way:

The post war rate of housing starts has far exceeded the rate of lot development and the growth of municipal services...therefore, the amount of available serviced land has rapidly diminished. In some centres substantial programmes of new residential development must wait on the provision of additional serviced land...Because of unwillingness or inability to borrow, the municipalities do not always respond as soon as the need for additional serviced land arises. ( House of Commons Debates, 1954 Session, p. 4451)

The problems of rapid post war urban expansion and the resulting shortages of serviced land called for some sort of senior government response to assist municipalities and builders. In 1954 Robert Winters introduced amendments to

the National Housing Act that "recognized the prime importance of serviced land". (House of Commons Debates, 1954 session, p. 4451) The amendments introduced new measures to encourage more servicing of residential suburban land through federal-provincial partnership in each of the provinces. Through these partnerships, the federal and the provincial government would jointly purchase land on the fringe of urban areas, service the land and then sell the land to builders who would pay for it on extended payback terms. Although the federal government recognized that urban land was of central importance to housing supply, the focus of the legislative amendments did not address the urban land problem other than to help increase the supply of serviced land.

Robert Winters stated that the objective of the housing legislation was, "to maintain house building at a high rate". (House of Commons Debates, 1954 Session, p. 1313) However, relatively few land assembly projects were initiated by the provincial and federal governments during the 1950's. (Dennis and Fish, 1972, pp. 320- 329) For example, as shown in Table IV, from 1950 to 1960, only 49 land assembly projects were initiated under section 40 of the N.H.A. providing 15,156 lots. This represented 1.5% of the total number of the housing units requiring serviced lots. (CMHC, 1978, p. 58)

The 1954 debate on the N.H.A. amendments differed from preceding debates on the federal housing acts because urban

land problems were of concern to many members. For example, Clarence Gillis, C.C.F. M. P. for Cape Breton South, told the house that he felt that land speculation was one of the principal problems.

Another matter the government is lacking in supervising, not only the federal government, but the provincial and municipal governments also, is that of land speculation, which is one of the main stumbling blocks today in the provision of homes. (Ibid, p. 1430)

Claude Ellis, CCF member for Regina Centre, added that land values were up substantially since 1945 due to the actions of land speculators. Speculation on residential land is, he said, "is a very unpatriotic act".(Ibid, p. 1430)

Paul Hellyer, Liberal M.P. and former developer from Toronto, told the house that rising land prices were not to blame for rising housing prices. Rising housing prices, according to Hellyer, were principally due to larger houses, higher quality construction and rising labour costs. Although he conceded that land costs had risen substantially in the Toronto area during the past two years, he made no mention of land speculation as a significant contribution to house price increases. (Ibid, p. 1369)

The federal-provincial government assistance provided for in the N.H.A., never addressed any of the of the broader issues relating to urban land. The land problem was defined simply in terms of the supply of serviced suburban lots. CMHC President, David Mansur was aware that land prices were escalating considerably once the land was



served. He told the Parliamentary Committee on Banking and Commerce that:

When a municipality moves out trunk services into a raw land area, the raw land immediately takes on a new price 10 times its raw land price. Under the federal/provincial partnership scheme, the raw land is purchased in very large blocks before there is any unearned increment in the land value to the lucky landowner on whose land the municipal services are placed. (Mansur, 1952, p. 84)

What is particularly interesting about Mansur's statement is that the concept of 'the unearned increment in the land value' had crept back into the discourse after being absent from land policy discussions since the late 1920's. Later in his testimony Manson defended the profits of the builder in the sale of residential lots. For Mansur this was a different case because the builder was making a profit on capital and improvements that he had made on the land. These profits, he argued, were to be distinguished from the 'unearned' profits of the land holder. Though it recognized this issue, the federal government never passed any policies to do anything about it.

Table IV

Lots developed under the N.H.A. Federal-Provincial Land  
Assembly Projects,  
1950-1969

Year	Number of lots developed
1950	0
1951	135
1952	1,095
1953	922
1954	1,880
1955	440
1956	839
1957	991
1958	1,003
1959	2,044
1960	262
1961	470
1962	569
1963	382
1964	211
1965	633
1966	2,119
1967	2,323
1968	1,381
1969	816

Source: CMHC, 1971, p. 50)

#### 4.4            The late 1950's and the 1960's: The Land Debate                  Revisited

The discourse on housing problems by urban analysts during the late 1950's and the 1960's is notable for the introduction of a number of ideas that had not appeared in the planning literature since the 1920's. Such ideas as a land tax similar to that proposed by Henry George in the 1860's, the public costs of suburban sprawl and the relationship between the affordability of housing and rising land prices were issues of concern and debate once again among urban planners and other urban analysts. Some town planners questioned whether the private land market and the treatment of land as a commodity was in conflict with the objective of improving housing conditions.

In 1957 the Vancouver Housing Association noted in a statement on federal housing policy that less than 7.5% of families could afford the average cost of N.H.A. financed houses. The Housing Association linked the high cost of housing to the cost of borrowed money and the high cost of land. They argued that the high cost of land resulted from its scarcity value which arose from the continuing shortage of serviced land. However, their suggestions for dealing with these problems were quite modest.

Perhaps the best we can hope to do is to check increased land costs to some extent by (a) careful siting and designing of residential subdivisions and (b) making low

cost money available to financially weak municipalities for the provision of utility services"(Vancouver Housing Association, 1957, p. 41)

In 1958, Mary Rawson, an economist with the National Research Council, put forward a proposal similar to Henry George's idea of discouraging speculative profits by taxing the value of land and not taxing the value of the improvements. Rawson argued that such a tax would result in lower land costs for community improvements.

It is already evident that to shift the tax load onto land would result in lower land prices. And lower land prices mean lower costs for slum clearance, street widenings, park and playground projects. When the hope for speculative profits is taken out of this sort of hold-up, planning efforts, will be less often thwarted.(Rawson, 1958, p. 29)

Rawson's proposal was critical of the notion that it was proper for landowners to privately appropriate rising land values.

A Liberal senator, David Croll, in the key-note address to the 1956 National Conference of the Community Planning Association, was also quite critical of landowners' private appropriation of land values. He was concerned with the activities of slum landlords who, in his opinion, were victimizing low income families.

Slum properties are acquired cheaply, with minimum upkeep and with low assessment and taxes. So they continue to flourish. Thus, economic vultures, they prey and profit on low income groups while we ignore their plight.(Croll, 1956, p. 145)

Croll suggested that higher municipal taxation of these properties would go far to remedy this problem.

There was increasing concern during this period about the high cost of suburban sprawl. Alister Crerar, a researcher with the Greater Vancouver Regional District, argued that unchecked low density suburbs would be a drain on municipal finances due to the high cost of servicing. His suggestions, similar to those of other planners, focused on better ways of controlling such development through land use controls. (Crerar, 1959, p. 44)

The Royal Commission on Canada's Economic Prospects also limited its proposals for government action on land problems to land use regulation and the provision of infrastructure. The commission was established during the last days of the Liberal St. Laurent federal administration. It commissioned a background study on housing and social capital to examine what government policies would be necessary to service residential land and to adequately house Canadians. The report did not include any discussion of urban land beyond observation that suburban sprawl must be avoided. (Dube, Howes, McQueen, 1957, p. 34-41)

In a 1960 issue of CMHC's Habitat, a Saskatchewan realtor and President of the Canadian Association of Real Estate Boards called for the establishment of a federal Royal Commission on Land Use in Canada:

the land speculator is similarly guilty[and] is not a subdivider worthy of the name. For it is still true that a good subdivider, or developer creates value; the speculator creates nothing. (Koyle, D. H., 1960, p. 13)

The speculator was to be distinguished from other actors in

the land development process because, it was argued, he did not create value. He added that the Royal Commission could propose policies that would be "an integral part of the preservation of equities of the homeowner".( Ibid, p. 17)

During the early 60's a number of planners broadened the criticism of the urban land market beyond the role of the land speculator. Some planners indicated concern that land should not be considered a commodity. For example, in 1962 the Town Planning Institute of Canada appointed a committee to prepare a submission to the Inquiry of the Royal Architectural Institute of Canada into the Residential Environment of Canada. The committee included such well known planners as Hans Blumenfeld, Norman Pearson and Hugh Lemon who examined the role of planning in Canadian urban development.

This TPIC committee argued that, if land was regarded as a resource, improved housing conditions would result.

Land, having been regarded as a commodity, has been sold and exchanged and broken into small parcels, passed from speculator to speculator with a disturbing disregard for the residential environment.( Ibid, p. 92)

As an alternative to treating land as a commodity, the committee proposed that it be treated as a resource.

If land is regarded as a resource, then it must be seen that land is put to its wisest use, and highest standards of economic and social well being and aesthetic satisfaction.(TPIC Committee, 1962, p. 92)

The committee proposed as an alternative to the treatment of land as a commodity public policies which would

disallow the private appropriation of private land values. Land, they proposed would be held on leasehold, rather than on a freehold basis.

If land were held in leasehold rather than fee simple, there might be a better attitude to long term mortgages and maintenance...The prevalent attitude that whole sections of our cities can be 'traded in' every decade or two must give way to an attempt to build for a lifetime( Ibid, p. 97)

The committee added that such land issues were rarely discussed by the planning profession and were generally overlooked in the concern for poor housing and social discomfort.( Ibid, p. 97)

Ted Rashleigh, a planner who had practiced in both Toronto and England, offered an argument similar to that of the committee. However, he reminded planners that the high value placed on private land ownership posed problems for any changes in the nature of property rights.

In this country, the social value of land ownership is high, while tenancy and public ownership is held suspect. Private land ownership is so sacrosanct in public opinion and law, that it can question the propriety of planning proposals and defeat legitimate community objectives.(Rashleigh, 1962, p. 76)

In 1965 G. W. Bryant, a Professor of Planning at the University of Montreal, argued that private property as a social phenomena was not necessarily here to stay even though it was deeply embedded in North American society. He wrote that the private appropriation of land values was not necessarily logical or ethical because:

Land values depend so largely on siting and

location, and arise out of the general growth of the community. (Bryant, 1963, p. 44)

Because land values are publicly generated he called for curbing the right of landowners to appropriate these values through a change in the way land was held. Similar to the proposal of the 1962 TPIC committee, Bryant called for a leasehold form of tenure.

It cannot be too strongly argued that once land is taken back into the public domain...it should on no account be sold outright, but should be leased to developers on very long leases. ( Ibid, p. 121)

Bryant emphasized that the most important government policy needed to improve housing conditions and affordability was the elimination of the land owner's right to appropriate private land values.

The debate on land policy in the late 1950's and early 1960's re-introduced the concept of an unearned increment in land values, the relationship between rising land values and the unaffordability of housing and a questioning of the treatment of land as a commodity. However, land policy remained limited to land use control, tax measures and public assistance to the land development industry through increased land servicing. Only a small minority of planners called for major changes in land policy that went beyond the traditional approaches outlined above.



#### 4.5      The federal government increases aid to low income families

In 1964 Prime Minister Lester Pearson's Liberal government introduced a number of major amendments to the National Housing Act to increase aid to low income families. During the House debate on the amendments land speculation was one of the housing issues raised.

A Progressive Conservative party member G. W. Baldwin, M. P. for Peace River promoted the single tax arguing that high land costs were at the root of the housing problem and that 1964 N.H.A. amendments failed to address this key problem.

I do not think it[the amendments] gets at the root cause...one school of thought with which I have some sympathy advocates the approach of Henry George( House of Commons Debates, 1964 Session, pp. 4066-4067)

He further told the Minister of Finance, Walter Gordon that taxing the capital gains of land speculation did little to resolve the problem. Baldwin argued that a land tax, similar to that proposed by George:

would do more than anything else that I know to compel the owners of what are now described as slum areas to bring into production those parcels of land in order to pay the taxes.( Ibid, p. 4067)

Baldwin concluded that continued land speculation would result in continued slums and unsatisfactory urban sprawl.

Federal minister responsible for housing, J. R. Nicolson, in explaining the amendments and the nature of the housing problem, avoided any mention of urban land:

the intent of government is to do its part in improving the standards of housing and housing conditions for those in need and...Second, we know there is no automatic private market process which regenerates urban areas as they decline. Therefore, the government believes if there is to be such a regenerative process it must be developed as a matter of public policy. (House of Commons Debates, 1964 Session, p. 3795)

In the case of slum clearance, the government felt that the land market could not do the task without government assistance.

We seek to facilitate private improvements and the fluidity of property markets in renewal areas, the N.H.A. insured loan provisions will be extended to existing housing in designated areas. (Ibid, p. 3795)

Although the government conceded that many low income families could not find adequate housing in the private market and that property markets would not encourage the upgrading of declining areas without government assistance, no new land policies were suggested.

Although in 1964 no Liberal M.P.'s admitted in parliament that land speculation was a problem, as the decade passed some began to speak openly of the problem. Residential land prices were increasing rapidly. For example, in Toronto, from 1963 to 1967 residential lot prices increased 55.1%. In 1967 Jack Davis, a Liberal cabinet minister, presented a paper to a Vancouver conference on housing that argued that the principal 'villain' in housing problems was the cost of land. He also said that the cost of land had gone up faster than any other housing cost and that much of this increase was due to

speculation.

I have never been one to blame the speculator for all the ills that face our urban society or to denigrate those, whose statement it is to obtain land, to go through the highly risky, skilled and protracted servicing of land...neither have I regarded this arrangement as the best example of the workings of sound market system. (Davis, 1967, p. 8)

Although he offered some criticism of land speculation, Davis emphasized that the government sought solutions such as land assembly programmes that supported the urban land market. He proposed that lots from government land assemblies should be sold directly to the homeowner and thus by-pass the speculator.

At the 1968 federal-provincial conference on Housing, both Prime Minister Lester Pearson and J. R. Nicholson, the federal Minister Responsible for Housing, indicated that they linked rising housing costs and other problems to rising land costs. Pearson, explained that:

The high cost of serviced land is attributable to:

- the cost of raw land;
- the cost of providing underground and street services to a high level of quality;
- the effect of zoning bylaws on residential land;
- the effect of municipal cash imposts on residential land;
- the difficult and often inefficient process for obtaining approvals for land development. (Pearson, 1968, p.2)

According to Pearson, factors other than the operation of the urban land market were among the causes of high land costs.

Nicholson was also reluctant to point an accusing finger at the urban land market or land speculators when he noted that rising housing costs were related principally to rising land costs and that action was really within the domain of the provinces.

Land costs profoundly affect the demand for housing, but the ability to influence these costs is minimal. The opportunity and responsibility for dealing with this problem rests essentially with provincial governments. (Nicholson, 1968, p. 31)

Ontario's Deputy-Minister of Municipal Affairs stated that the opinion of the Ontario government was that land cost increases included a substantial speculative component which had resulted from the limited supply of serviced land. (Dennis and Fish, 1972, pp. 318-319)

The most important result of these discussions was an agreement between the provinces and the federal government to expand the existing provisions for government land assembly programmes. Despite some criticism of land speculation, no measures were undertaken by the federal government that would discourage land speculation other than attempts to increase the supply of serviced land.

#### 4.6        The 1969 Federal Task Force on Housing and Urban Development

The on-going rapid pace of urbanization during the late sixties and the concern of the federal government that the effects of its urban renewal and suburban housing programmes on urban development were not all positive led the federal

government to establish a Task Force on Housing and Urban Development in 1968. Under the direction of Housing minister Paul Hellyer, the Task Force toured the country to examine the operation of N.H.A. programmes.

In some ways the Task Force got off to a bad start. The Task Force was established "without official bureaucratic blessing, and CMHC, in particular, was reluctant, almost hostile".(Hellyer, 1977, p. 32) According to Hellyer, CMHC had not had a policy directive from one of its ministers in years and Hellyer was determined to investigate many of the existing government programmes and provide new direction. The land problem was their first concern:

The cost and availability of serviced land was tops on our list. It was the biggest factor in the price of accommodation and the one most easily controllable.( Ibid, p. 33)

The Task Force wrote that there were two types of land speculation. The first type occurred when an individual bought and held land on the periphery of cities for speculative gain. The second form, according to the Task Force, was more subtle. It occurred in the centre of cities and involved the under utilization of lands for such purposes as parking lots.(Canada, 1969, p. 38)

The Task Force, argued that the present process of private land assembly and public servicing programmes should be blamed for the high cost of housing.

Important as efforts to curb land speculation may be, the Task Force believes the root cause of rising land costs goes much deeper. To put it simply, it believes that the present system for assembling and

servicing land in much of urban Canada is irrational in concept and inefficient in practice.( Ibid, p. 39)

The committee suggested that the federal government should advance loans to municipalities so that they might service all or a major portion of the land required for urban growth within their boundaries.

The Federal Task Force presented its recommendations to the in late 1969. The reaction of those concerned with housing policy was mixed. In regard to its recommendations for increased public land assembly Humphrey Carver wrote that:

The Hellyer Task Force has given a new clarity of purpose and a breath of fresh air and realism to this aim.( Ottawa Journal, February 4, 1969)

Michael Wheeler, a social worker with the Canadian Council for Social Development, felt that it was "an illusion to think the private market can house all decently".( Financial Post, February 8, 1969, p. 17) He added that:

the proposal to make urban land development a government responsibility is fundamentally sound and the opportunity should not be lost because of constitutional niceties.( Ibid, p.17)

However, Albert Rose was much more pessimistic about the prospects for federal government action the urban land problem.

This purpose can scarcely be taken seriously in the present context of federal-provincial relations.( Globe and Mail, February, 4, 1969)

The federal government failed to take immediate action

on the Task Force's recommendations. It was felt by many, most notably the Prime Minister, that the actions suggested by the Task Force were within provincial jurisdiction and, therefore should not be initiated by the federal government. (Hellyer, 1977, p. 34) Hellyer resigned from his cabinet position in April 1969 following the decision of the cabinet rejection of his recommendations.

#### 4.7 Conclusion

Canada underwent a long period of economic growth and urbanization from 1940 to 1969. In response to problems resulting from the high demand for housing and rapid urban development, governments moved to further institutionalize municipal land use regulation and to expand government involvement in the provision of housing. However, land policies such as land use regulation and public land assembly continued to treat land as as a private market commodity. Government policy-makers avoided solutions which might challenge this way of treating land. In general, the concern with the operation of land markets was generally limited to a concern for a shortage of serviced land and, for some, the identification of the land speculator as a villain whose actions created problems in the supply of housing. The broader policy questions, the treatment of land as a private market commodity and the private appropriation of publicly created land values, was only of concern to a small minority. No new land policies were initiated during

this period that had not been introduced in the preceding periods except for the introduction of some government residential land assembly programmes.

Some analysts, politicians and officials did recognize that rising land costs were contributing to the unaffordability of housing. However, no specific policy options that challenged the right of property owners to participate in land markets were ever seriously considered. The only direct government housing activity was limited to public housing for a narrowly targeted group of low income households. Residential land remained a privately held commodity that was allocated and distributed by the market



## CHAPTER 5

## THE 1970'S LAND BOOM AND THE LAND PROBLEM

Urban land policy emerged as a relatively high profile issue in the 1970's. Particularly rapid increases in land and housing prices from 1974 to 1976 focused the attention of the general public, politicians and urban analysts on urban land. Among those concerned with urban land policy were a large number of critics of the urban land market and the treatment of land as a commodity. Growing criticism of the land market and land speculation led the development industry and many conventional economists to actively defended the private market mechanism.

The period since 1970 has been one of contrasts in urban development and land policy. Canadians witnessed one of the most rapid periods of urbanization during the 1970's with land prices outpacing those of the 1950's and 1960' (see Table V). Housing construction, as shown in table 9, reached the highest levels ever in 1978. On the other hand, the 1980's have been marked by the first major declines in housing construction since the 1930's (see Figure 4), soaring interest rates and in 1983 and 1984, declining land prices.

The escalating land and housing prices of the 1970's were explained by many economists as being related to a

combination of factors that dramatically increased the demand for housing. First, there was a dramatic increase in the number of families in the 25 to 34 year old age group, the period when most households first enter the housing market. Second, personal disposable income increased at a rate of 3.8% per annum after inflation. Third, inflation was higher than it had been since the 1920's increasing price levels 83% from 1971 to 1976. Fourth, capital was attracted to the housing market due to subsidized home ownership programmes, the non-taxation of capital gains on housing and relatively low real mortgage rates. (Scheffman, 1977, pp. 61-62)

Many conventional economists regarded rising land and housing prices as only a temporary phenomena and thus, only a temporary problem. Others argued that rising price levels were only a symptom of a broader structural problem, the treatment of land as a commodity.

Table V.

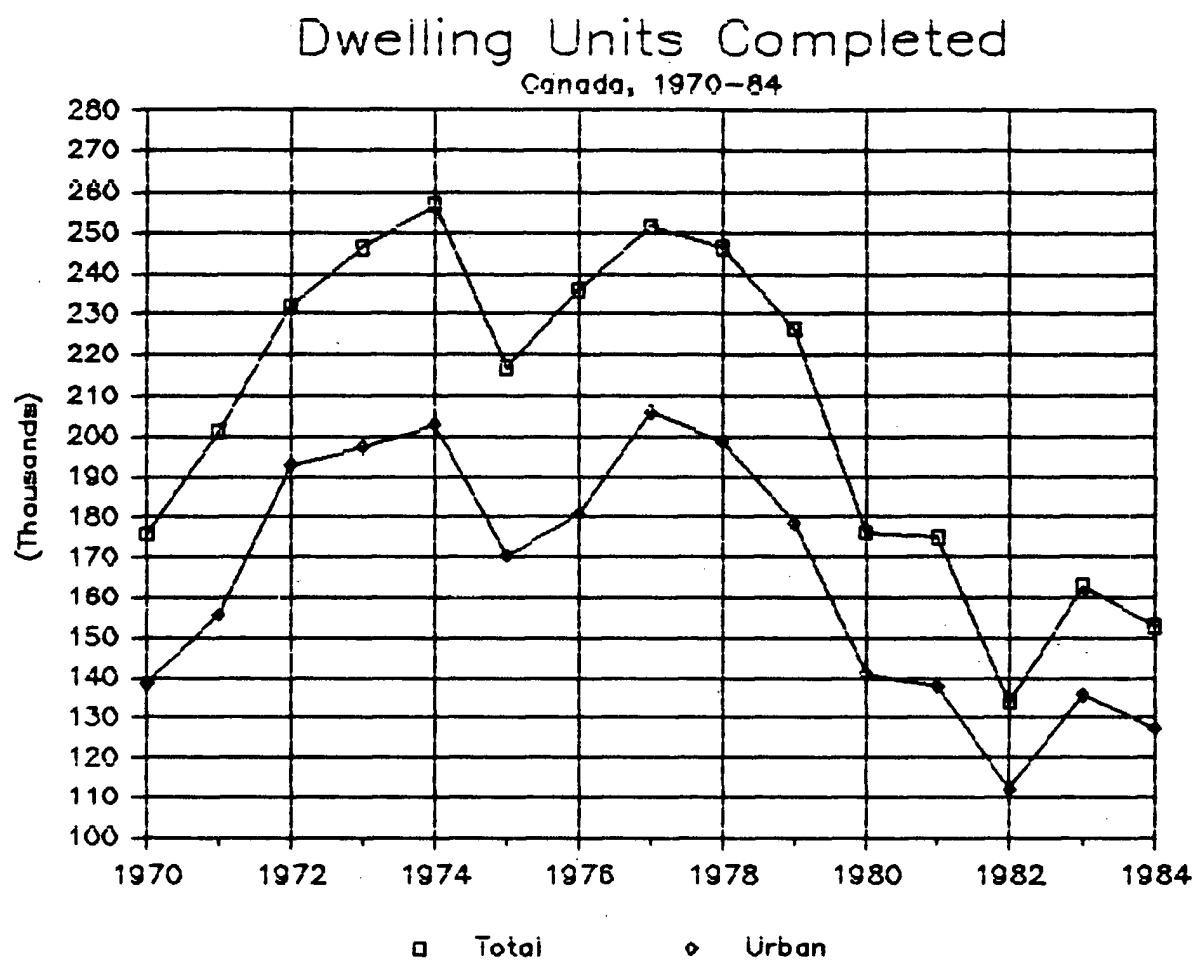
Indexes of residential land costs, residential construction costs and consumer prices,  
1970-1983

Year Consumer (shelter)	Land Costs	Const. Costs per square foot	Consumer Price Index (all goods)	Price Index
1970	91.3	97.4	97.2	94.7
1971	100.0	100.0	100.0	100.0
1972	106.5	106.7	104.8	105.5
1973	101.9	122.2	112.7	112.7
1974	106.1	149.5	125.0	120.7
1975	157.9	167.1	138.5	130.9
1976	201.1	180.6	149.1	145.8
1977	223.9	189.3	160.9	159.2
1978	239.0	198.9	175.1	171.1
1979	295.7	213.3	191.2	180.5
1980	319.7	222.7	210.7	192.5
1981	355.1	244.3	237.0	213.2
1982	347.0	258.0	262.6	239.2
1983	338.0	284.8	277.7	255.4

Note: Land and construction costs are based on the average single family dwelling financed by CMHC under the N.H.A.

Sources: CMHC, 1978, p. 89; CMHC, 1979, p. 93.

FIGURE 4



Source: Appendix B of this report

### 5.1 Politicians and the urban land problem

During the 1970's many politicians involved with housing issues explicitly identified high land prices as the major cause of housing affordability problems. For example, in 1973 Ron Basford, Minister of State for Urban Affairs, told the Housing and Urban Development Association at its annual conference that:

The price of urban land in Canada is rising at an unacceptably rapid rate...The question of the cost to the individual citizen of owning land or using land to house himself, and the question of the distribution of ownership of land between individuals of differing income levels, and between those individuals and land owning and development corporations, the question of the amounts of land governments hold and make available for the common use--all these affect in a very real and direct way the quality of life and economic well being of Canadians. (Basford, 1973, pp. 9-10)

Thus, even the federal housing minister during this period was raising such issues as the private ownership of land by corporations and the distribution of land among different groups in society.

Elected officials from both ends of the political spectrum in the federal House of Commons argued that the cost of land would have to be reduced in order to lower housing prices. Conservative Housing Critic Eldon Wooliams, M.P. for Calgary North argued that:

Two problems must be solved in the area of housing and urban affairs. The first problem is money and the second is the price of

serviced land; to get enough money into projects and reduce the price of serviced land. ( House of Commons Debates, 1973 Session, p. 2274)

Sinclair Stevens, Progressive Conservative member for York-Simcoe, a constituency on the fringe of Toronto, told the House:

Land prices, soaring as they are, are virtually prohibiting the average person in Canada from the right which I feel he should have, to own his own house. ( Ibid, p. 2351)

Edward Broadbent, leader of the New Democratic Party, argued that more funding was necessary for public land assembly projects to reduce the cost of serviced residential lots. He warned the House that the present programme proposed by the Liberals:

will not put a stop to spiralling land prices. It does not promise to provide the level of support needed to ease the burden of price increases, let alone solve the housing problem. ( Ibid, p. 2280)

Members of all federal parties agreed that there was an urban land problem. All parties defined the problem as high land costs resulting in housing that was unaffordable for a great many Canadians. However, they differed on the solutions proposed for this problem. The N.D.P. criticized the government for supporting the market and allowing developers and financial institutions to dominate the provision of housing. ( Ibid, pp. 2280-2284) The Liberals were critical of the urban land market. However, they emphasized solutions for housing and land problems such as public land assembly and servicing assistance for provincial

and municipal governments which they hoped would influence market forces. The Conservatives were, in general, less critical of the urban land market, but did see a role for government influencing market forces by increasing the supply of serviced land and mortgage funds for housing.

## 5.2 Critics of the urban land market

Critics of the urban land market were generally in one of three groups. First, the Liberal government and others, though concerned with the impact of the urban land market on housing, were satisfied that the market, if assisted or given some direction by public authorities could operate satisfactorily. Second, there were urban reformers who were opposed to some of the activities of the urban development industry. They viewed the urban environment and urban development as being manipulated for the benefit of a small number of development companies and other real estate interests. Third, there were a number of individuals, for the most part academics, who offered a more thorough critical analysis of the urban land problem, as part of a broader critique of the functioning of the capitalist economy.

The first group included the federal Ministers of Urban Affairs. Although those with this view of the urban land market argued that land should be treated as a resource rather than as a commodity, recommendations for government policies were generally measures which would not affect the

private commodity form of land. This view of urban land markets was reflected in the recommendations of the United Nation's Conference on Human Settlements. Canada hosted the conference in Vancouver during 1976 when residential land price increases were particularly rapid. In its final report Habitat delegates argued that land should be considered a resource, rather than a commodity:

Private land ownership is also an instrument of accumulation and concentration of wealth and therefore contributes to social injustice; if unchecked, it may become a major obstacle in the planning and implementation of development schemes...the provision of decent dwellings and healthy conditions for the people can only be achieved if land is used in the interests of society as a whole. (United Nations, 1976, p. 61)

Thus, the institution of private property was identified as being in conflict with the achievement of improved housing conditions.

The Canadian submission to the conference, prepared by the Minister of State for Urban Affairs, identified three problems which resulted from the treatment of land as a commodity:

- 1) the steep rise in the price of urban residential land;
  - 2) the wasteful patterns of urban land use;
  - 3) the continuing conversion of agricultural land to urban use.
- (Canada, 1976, p. 50)

The Canadian report added that the two vital human settlement issues were housing and land. In regard to housing, it noted that:



the challenge is to provide these units at prices that more people can afford and in locations and styles that will satisfy demand without wasteful land use patterns. ( Ibid, p. 97)

The report called for land and housing policies in the form of higher land taxes to recoup some of the unearned increment, lower municipal servicing standards and higher density development. In its recommendations emphasis was placed on policies which would direct market forces to serve the public interest:

public policy will be required to support positive market forces and to intervene when market pressures threaten to undermine the long range public interest. ( Ibid, p. 98)

The federal Minister responsible for Housing in the Liberal government, Barney Danson, agreed that land should be treated as a resource rather than as a commodity. In a 1976 speech at the annual conference of the Canadian Federation of Mayors and Municipalities in Vancouver he said:

I believe that we are moving significantly to the view that it[land] is a resource and should be treated as such within the context of our federal state and mixed economy. (Danson, 1976, p. 4)

However, when Danson approached the topic of how to implement "the land as resource" argument, he withdrew to the advocacy of measures that clearly did not challenge the fundamental nature of the private land market. He told the CFMM conference that to reduce the cost of residential land:

it is essential that we take action to devise new and improved methods of planning,

zoning standards, approvals and taxation by each of us that will result in more and lower cost serviced land.( Ibid, p. 6)

The second group argued that the objectives of the development industry were in conflict with those of many homebuyers because the industry sought to maximize its profits by pushing up land prices and creating oligopolies in land ownership on the fringe of urban areas. This group defined the urban land problem principally in terms of who owned land and the power of firms and large investors to influence land markets. Roweis and Scott characterized this group as advancing a 'manipulated city hypothesis' where economic relations in the housing market are dichotomized into those between the exploiters and the exploited.(Roweis, Scott, 1976, p. 19) The developer was identified as the villain in urban and housing problems who exploited tenants and homeowners by extracting large profits and rents from land development. James Lorimer, in particular, wrote numerous articles and a book The Developers (1978) that expounded the theme that the urban land problem was the existence of an oligopoly in land ownership. Another widely cited analyst of the urban land market, Peter Spurr supported this view in his book, Land and Urban Development, (1976) a study originally prepared for CMHC. It detailed the land holdings of development companies around major Canadian cities and concluded that in most markets a limited number of companies controlled the land for future residential development.(Spurr, 1976, p. 22) For example, Spurr noted

that in the Toronto region 6 development companies owned 76.7% of the developable land on the urban fringe. This concern for the concentration of land ownership was also reflected in policy-makers at CMHC. William Teron, President of CMHC during the mid-1970's, told the Financial Post that this concentration of ownership was a major problem and that public land assemblies were one measure which could combat the problem. ( Financial Post, March, 6, 1976)

James Lorimer also advanced the theme that the planning profession, for the most part, played an important role in advancing the interests of the development industry. For example, at the 1973 National Canadian Institute of Planners Conference in Charlottetown, Lorimer told planners that they were not reflecting the diverse interests of urban residents. He argued that planners:

have endeavoured to acquire professional, intellectual and societal credibility through the establishment of a professional organization imbued with a philosophy of elitism, conservatism and self-preservation. (Cited in Clark, 1976, p. 19)

He called for better policies and more planners advocating the interests of homeowners and tenants rather than advancing the interests of the land development industry.

A third group was primarily descriptive, rather than prescriptive of urban land problems. The urban land problem, they argued, went beyond a concern for the concentration of land ownership and the possible manipulation of urban development for the benefit of the development industry. This third group pointed to the structural dynamics of the

land market:

the point of departure is not the phenomena of competitive bidding for land, but the deep structure of urban property relations in relation to which the competitive bidding for land is only the faintest and most superficial pulsation. (Roweis and Scott, 1976, p. 36)

Roweis and Scott locate the process of urban development and the urban land problem in the context of capital accumulation and class struggles in capitalist economies. They identify the urban land problem in this way:

Capitalist social and property relations create two major contradictory tendencies around the issue of urban land. On the one hand, the logic of commodity production and the private appropriation of profit call for functionally efficient urban land use patterns. On the other hand, the private ownership and control of urban land lead to a tendency away from such efficiency. (Roweis and Scott, 1981, p. 146)

They argued that the state's 19th century strategy of laissez faire in urban development gave way to the interventionism of the 1930's which blossomed during the 1950's into the welfare state.

It was a strategy predicated upon the faith that an aggressive state effort to support and strengthen a network of propulsive economic activities could secure continued smooth economic growth. It was associated with an extraordinary expansion of urban and regional development projects. (Roweis and Scott, 1976 p. 58)

Barker et al. explained government intervention in housing as not simply the result of the need to promote capital accumulation, but also as one result of the struggle between classes in capitalist societies.

The government function in housing is also to relieve capitalism of some of its most acute social tensions. (Barker et al, 1973, p. 94)

This group argues that the tensions generated between labour and capital through the struggle over the level of wages and profits are translated to the housing sector especially when wage earners cannot afford housing. Government attempts to respond to this problem but adopting policies which will make housing more amenable and affordable. ( Ibid, p. 94)

These three groups of land market critics have differed in the courses of action that they have suggested for urban land policy. The first group argued that the market should, for the most part, be left intact. The federal housing ministers, Ron Basford and Barney Danson, though critical of the market, felt that greater land use control measures, public land assembly and taxation measures would reduce the worst excesses of the urban land market. (Danson, 1973, pp. 4-6; Basford, 1973, pp. 11-12) Such measures, according to Basford:

would ensure urban land markets operate effectively in the public interest...to ensure that they are operating freely and efficiently. (Basford, 1973, p. 12)

In 1976 Danson appeared to agree with those arguing that land land was be treated as a resource, not a commodity. However, the land policies he eventually recommended were no different than those pursued in the past: some government land assembly, improved land use regulation and loans to municipalities for infrastructure.

The second group recommended more extensive application of the policies proposed by the first group. For example, land on the urban fringe that was to be developed for housing would be predominantly publicly owned. (Spurr, 1976, p. 392; Lorimer, 1978, p. 254) As Spurr explains:

it would be beneficial, if urban growth must continue, to confine spatial expansion to large publicly owned sites selected on the basis of environmental protection. (Spurr, 1976, p. 393)

Former Toronto Mayor John Sewell, in agreement with Spurr, argued that the best approach to controlling suburban land prices is to allow governments to expropriate all land needed for urban development. (Sewell, 1977, p. 54) These land policies, Sewell, Lorimer, Spurr and others argued, would avoid the manipulation of the urban land market by the large integrated development corporations such as Cadillac-Fairview and Genstar.

The neo-marxists emphasize the limitations of such land policies as land use planning. They argue that such measures are incapable of challenging the prevailing social and economic structures of capitalist society including that of private landownership. According to Scott and Roweis, land policy:

does not, and cannot, transcend the social and property relations of capitalist society, but is constrained within and is a reflection of those same relations. (Roweis and Scott, 1977, p. 50)

They argue that land use regulation has been supportive of the urban land market. For example, they concluded that in

most cases these regulations and other legal restrictions have been significantly durable in cases where land prices are raised or at least stabilized. ( Ibid, p. 13)

### 5.3 The Land Market Defended

In response to the criticism of the land market a group of conventional economists began actively defending the land market as a necessary and efficeint institution. Economists such as David Baxter, A. Derkowski, L. Martin and L. B. Smith were prominent in this group. It is notable that the 1978 Federal-Provincial Task Force on the Supply and Price of Serviced Land also adopted this view in defending the land market and the speculator's role in the housing sector.

The literature from this period defending the urban land market can be divided into two groups. First, some analysts focused on explaining how and why the land market was the best mechanism for the efficient allocation of land to various uses. A second group of commentators argued that government land and housing policies were primarily the cause of high land prices.

The first group argued that the best mechanism for the use and distribution of land was the urban land market. They argued that there was no mechanism which could replace it. Many of those holding this view published their findings in the Fraser Institute book, Public Property: The Habitat Debate Revisited (1977). David Nowlan in the first article of this publication argued that:

critics of the land market are really  
critics of the existing distribution of

wealth and have little if any concept of society's continuing need for mechanisms by which land uses and development timing will be determined.(Nowlan, 1977, p. 29)

Nowlan conceded that there were situations where government intervention was necessary. However, he concluded that in most situations the market was the most efficient mechanism for the use and distribution of land.

Immediately following the 1970's boom in housing and land prices federal and provincial governments in Canada appointed a Task Force to examine the supply and price of serviced urban land. The majority of the contributors to this study were conventional economists who had in the past defended the operation of the urban land market. Established in 1977, the Federal-Provincial Task Force on the Supply and Price of Serviced Land was given the mandate:

to examine the supply and price of serviced land in order to replace the tangle of competing claims and polemics with factual information and analysis.(Task Force, 1978, p. 2)

In the Task Force's final report the rapid rise in land prices during the 1970's was attributed to such factors as increases in household income and household formation. The Task Force concluded that there was no major urban land problems which contributed to the rise in land prices during the mid-1970's. The surge in land prices, they argued, could be accounted for by unusually high demand and the limited ability of government to respond.

Their report recommended solutions which would increase the supply of residential lots and housing.



To permanently reduce the price of land in the face of strong demand, it will be necessary for planners and municipalities to permanently increase the rate at which lots are produced. ( Ibid, p. 186)

For example, they urged governments to purchase land during soft markets when land prices were low. In addition, they called for municipal policies which would not be overly restrictive of urban expansion. ( Ibid, p. 187)

Defenders of the land market also actively supported the role of land speculators in the urban development process. University of Waterloo Planning Professor, Larry Martin argued that land dealers performed an important task by absorbing a large amount of risk and uncertainty in the land conversion process. He also noted that by bidding up the price of land speculators were communicating alternative land use possibilities to existing development. In addition, according to Martin, speculators increased the supply of serviced land by assembling land for development and rationing it to its most efficient use in an economic sense. (Martin, 1974, pp. 10-12)

The Federal-Provincial Task Force also questioned the criticism of the speculator's role in the urban land market. It noted that:

provided there are enough speculators in a market to ensure that speculation is a competitive activity, it is not clear why land speculation should carry such a negative connotation. (Federal-Provincial Task Force, 1978, p. 54)

It was added that land speculators could perform a

stabilizing influence in the land market.

In response to claims of oligopolies in land ownership, two University of Western Ontario economists, Markusen and Scheffman, sought to prove that this was not the case. In their study of the residential land market on the fringe of Toronto they concluded that there was not an oligopoly in land ownership in the Toronto land market. However, they did concede that their study only considered the Toronto region and that market concentration might exist in other cities. (Scheffman and Markusen, 1977 p. 130)

Another defence of land market was critical of public policy. It was argued that such land policies as land use planning, high residential servicing standards and public land banking prevented the market from performing efficiently. The blame for high land prices was placed on the impact and cost of government intervention. They criticized municipal land use planning public land banking and the servicing standards of municipal governments. Analysts such as Martin, Derkowski, Markusen and Scheffman complained that much of the urban land price increases were due to government policies. For example, Larry Martin wrote that:

it is our chronic failure to make a supply of reasonably priced serviced land in the proper location and at the appropriate time that constitutes a basis of the urban land price problem today. Because of its important role in the supply of serviced land for urban use, government must share in the responsibility for land shortages and high prices. (Martin, 1977, p. 41)

Genstar, one of Canada's largest development companies was also critical of public land assemblies arguing that:

there is a better way to invest the same million dollars other than in public land assemblies...perhaps these public funds should be invested in the trunk services that make serviced lots possible. (Genstar, 1978, p. 12)

These critics of land policy assumed that the proper role for government in urban development was the provision of urban infrastructure to enable private land development and a minimum of government regulation.

Derkowski, in a report prepared for HUDAC, concluded that rising land prices had resulted from the overly long subdivision approval processes and high lot levies and municipal servicing standards. He analyzed the increase in the prices of single family detached lots in ten metropolitan centres from 1964 to 1974 in regard to six components: raw land, servicing, municipal levies, carrying charges, consultants fees and profits. He concluded that the major reason why land costs had risen was:

the presence in the planning control system of several parties with valid reasons of their own for stopping, limiting and delaying development, and the absence of any countervailing force with a positive interest in housing. (Derkowski, 1974, p. 3)

He argued that land use regulations were adopted with no reference to the to the cost that they imposed on the development of housing. Government regulators, unlike those in the private market where not encouraged by the forces of supply and demand to keep costs to a minimum.

A second problem identified by Derkowski was municipal policies that set high servicing standards and municipal lot levies. He argued that:

the manner in which servicing standards and levies are set...are totally divorced, in most cases, from any responsibility for their capital cost. ( Ibid, p. 4)

Derkowski recommended that municipalities, when adopting servicing standards, lot levies or approving subdivisions, should consider the interests of the housing consumer by seeking to maximize the supply of housing. ( Ibid, p. 7)

By the 1960's and 1970's land use regulation, especially subdivision regulations, were in place in most municipalities as the pre-World War II planners had urged. Land prices, however, were still very high and speculation still rampant. The "solution" of the early planners turned out to be defined as "the problem" by conventional analysts during the 1970's boom.

#### 5.4 Government responses to the urban land problem

With general agreement that rising residential land prices were resulting in a number of housing problems, governments initiated a variety of measures directed at urban land. These included increased funding for public land banking and residential infrastructure, the 1973 amendments to the National Housing Act and Ontario's land speculation tax.

The 1973 N. H. A. Amendments - In 1973 the Liberal government did not hold a majority of seats in the House of Commons. Because all parties agreed that there was an urban land problem contributing to the unaffordability of housing, the liberal government moved to initiate a lengthy agenda of housing programmes. The new amendments included increased assistance for non-profit and co-operative housing, a neighbourhood improvement programme, increased home ownership assistance for low income families, a residential rehabilitation programme and increased assistance for public land banking and infrastructure. Adequate and affordable housing was, in the government's eyes, a basic right of all Canadians. Ron Basford, the Liberal Minister responsible for housing told the House that:

good housing at a reasonable cost is a social right of every citizen of this country. (Basford, 1973, p. 2257)

Attempting to provide housing at a reasonable cost for all Canadians required some attention to the urban land problem.

Basford proposed an immediate \$100 million urban public land banking programme as a concerted attack on rising land prices. He explained that the public land banking programme would be combined with comprehensive land use planning to ensure that the benefits of land purchases were maximized. According to Basford, land would be purchased with the objective of making effective interventions in the land market as an attempt to lower land prices. ( Ibid, p. 2258)

Conservative Housing critic, Eldon Wooliams attacked

the Liberal's proposal as not being enough to confront the problem of rising land prices.

The most important thing is to get serviced land ready for development rather than raw land. The \$100 million[allocated for land banking] will not last long considering the high cost of serviced land.( Ibid, p. 2274)

Wooliams argued that the solution was increasing the supply of serviced land and ensuring that land was brought into use as quickly as possible.

Broadbent, agreeing with Wooliams, told the House that, though he agreed with the programme, the funding levels were not sufficient. Broadbent said:

it will not put a stop to spiralling land prices. It does not promise to provide the level of support needed to ease the burden of price increases, let alone solve the housing problem.( Ibid, p. 2280)

Another N.D.P. member from Toronto, John Gilbert, pointed to the land ownership question as being at the basis of housing problems. He argued that the proposed housing policy did not confront this question because:

first of all, the supply of houses in Canada has been dictated by the land developers, the builders and the financial institutions. This really is the major criticism of housing policy today.( Ibid, p.2276)

As the N.D.P. pointed out, an expanded land assembly programme with a \$100 million allocation was a limited approach to the urban land problem. It did little to confront the problem of land supply and land ownership. Despite general agreement among the parties that rising land prices were a major problem, government land policies did

not extend beyond those measures initiated in the past.

Ontario's Land Speculation Tax. - With general agreement in government circles that land speculation was an important cause of high land prices, the Ontario government in 1975 introduced a Land Speculation Tax. It was the first of its kind in Canada. According to John White, Ontario provincial treasurer, it would "reduce the escalation of land and housing prices" by discouraging speculation and "recover for the public a major share of windfall gains from land speculation". (Province of Ontario, 1975, p. 6) This was the first effort of a provincial government to collect a betterment tax to capture some of the land value increases created by general economic growth.

The tax was originally set at the rate of 50 per cent. Because it was not allowed as a deduction in the calculation of federal income or capital gain taxes, it was reduced to 20 per cent. The tax excluded the following properties:

- 1) a principal residence or vacation property;
- 2) a developed industrial or commercial property;
- 3) a farm property owned for more than 10 years;
- 4) a residential investment property owned by the transferor for at least 10 years and containing a structure worth at least 40 per cent of the total value.  
(Smith, 1976, p. 2)

Many economists were very critical of the tax arguing that it interfered with the free operation of the urban land

market. L. B. Smith, a University of Toronto economics professor wrote that:

the benefits from reducing destabilizing behaviour are temporary in the sense that the destabilizing behaviour would likely have been curtailed eventually by normal market pressures.( Ibid, p. 11)

Scheffman and Markusen, in agreement with Smith, noted that the impact of the tax would, in the long term, be undesirable because it could lead to a less efficient land assembly process and make concentrations in land ownership more likely.(Markusen and Scheffman, 1977, p. 128)

The Ontario tax was limited, for the most part, to the taxation of land value gains on lands around the fringe of urban centres that were generally the object of most interest for land speculators. However, the tax was not effective as a betterment levy because it collected less than 5% of the unearned increment in land value increases. This was due to the method of calculation which allowed for numerous deductions. For example, during the first six months of its existence, less than \$150,000 was collected compared with an original estimate of \$25 million of annual revenue(Mackenzie, 1974, p. 36)

Despite the long history of proposals for land taxes, the Ontario government land speculation tax stands as the only tax ever imposed during a land boom period that was addressed specifically at the problem of land speculation and as an attempt to collect the unearned increment. Very little tax was ever collected and in October 1978 the tax



was repealed.

#### 5.6 The 1980's: the end of Urban Land Problems?

As the boom in housing construction and land speculation came to an end in most urban centres across Canada the land policy disappeared from most discussions of housing policy. Interest rates and financing became the major issues. The majority of analysts of housing. Interest rates remained above 15% from November 1980 until November 1982, peaking at 21.3% in 1981. (CMHC, 1983, p. 23) Since late 1982 interest rates have not risen far above 11%. As shown in table 8, the rate of housing completions has been substantially lower in the 1980's compared to the 1970's. For example, while in the 1970's the annual average rate of completions was 235,000, by the 1980's this rate had declined to 160,000. The rates of housing construction and land and housing prices began a general decline which has not been witnessed since the 1930's. (Statistics Canada, 1984, p. 565; CMHC, 1983, p. 81)

Reduced interest in urban land issues is reflected by the reduced federal activity interest in land programmes. By 1980 the federal government terminated all its programmes aimed at supporting public residential land assemblies and municipal infrastructure. Although existing project commitments would to be fulfilled, no new ones were initiated. The municipal infrastructure programme, established in 1960 and providing a total of \$2.2 billion in

loans and grants for sewer and water supply systems to 1500 municipalities, was terminated in December 1978. The 1973 Neighbourhood Improvement Programme which provided grants for inner city residential land assembly was terminated in 1978. The short lived 1979 Community Services Contribution Programme lapsed in March 1979 after granting municipalities \$400.3 million for a wide range of municipal programmes including infrastructure. The only remaining land related programmes were the land assembly provision available under sections 40 and 42. However, during the late 70's and early 80's funding of these programmes fell dramatically. During the 1980's both government, the planning profession and others interested in housing placed less emphasis on land policy than in the previous decade. (Canada, 1985, Appendix)

Federal policy on land was indicated in two 1980 reports, Federal Policy on Land Use and Land Use in Canada: Report of the Inter-departmental Task Force on Land Use Policy. Established in 1975 with representatives from 16 federal departments and agencies (including CMHC), the Interdepartmental Committee on Land Use Policy focused on the impact of urbanization on land use and conflicts between economic goals and the use of land. The committee argued that the federal government should view land as a resource and work with the provinces to ensure that it was put to its best use. It recognized that land was the jurisdiction of the provinces and that it would

endeavour to support the provinces in their

land use policies and activities whenever these are compatible with the interests of the federal government. (Canada, 1980, p. 51)

However, despite the committee's emphasis on land as a resource rather than as a commodity its report did not criticize the land market as the allocator of land uses.

The free exercise of a) private rights and obligations associated with land ownership; and b) the operation of the market as the prime allocator of privately owned land must be preserved unless clearly demonstrated to be contrary to the public interest. (Ibid, p. 54)

Urban and regional planners in a Task Force examining the prospects for planning also reflected a similar stance on the nature and use of urban land. The Task Force, established in 1980 by the Canadian Institute of Planners, defined the urban land problem in terms of the need to continue land use planning to ensure amenable and efficient urban development. In addition, it indicated support for the private land market because it suggested planners "review inhibiting regulations" that were "delaying or preventing responses to the market". (Task Force on the Future of the Planning Profession, 1982, p.34)

The Task Force appeared satisfied with the past and present course of urban development. Looking back at the past 30 years of urban development, the planners congratulated their profession for the quality of urban development.

The resulting suburbs with their neighbourhoods planned around schools and parks, their shopping centres and industrial parks, have provided safe and convenient

living conditions, at reasonable public cost, for many Canadians. ( Ibid, p. 13)

The discussion of land policy in parliament was also limited. In the early 1980's rampant land speculation occurred in only a few markets, most notably in Alberta and British Columbia. For example, from 1979 to 1981 residential land prices in Vancouver increased 100%. (Canada, Statistics Canada, 1983, p. 56) Margaret Mitchell, N.D.P. member for Vancouver East told parliament in 1982 that speculation on housing was making adequate shelter unaffordable for many Vancouver residents.

This boom or bust real estate market in Canada which has made many people homeless was encouraged by the lack of government spending, the lack of controls on speculation and the general encouragement of the myth that homeownership is the best hedge against inflation. ( House of Commons Debates, 1982 Session, p.6574)

She further criticized the current federal interest deferral mortgages and homebuyer grants as only contributing to an already overheated real estate market.

Another N.D.P. Member from the Vancouver region, Mark Rose, asked the House, "what is keeping people out of housing"? He replied that it was high interest rates and rising land prices. He noted that land made up a substantial portion of the cost of his house.

It is not the cost of labour, or even the contractor's profits. It is two things only, land prices and interest rates. The land under the house I bought in 1961 was 10% of its total cost. Today...the land under it is now 50% of its cost. ( Ibid, p. 15505)

Both Mitchell and Rose asked the federal minister of

housing, Paul Cosgrove, to look into the problem of land speculation. Although they proposed a 100% capital gains tax on profits made on the sale of housing that was not one's principal residence, their proposals did not directly address land policy. However, the government declined to take any action on their suggestions. ( Ibid, pp. 6201-6202)

In 1985 the newly elected Progressive Conservative federal government released a Consultation Paper on Housing to initiate discussions on a new direction for housing policy in Canada. The paper conceded that:

Canadians still have unmet housing needs. Sizeable number of people remain unable to afford decent shelter, whether rented or owner occupied. (Canada, 1985, p. 2)

However, the report concluded that high land costs or other land problems were not responsible for housing affordability problems.

The consultation paper noted that the supply of residential land was more than adequate in almost all urban centres in Canada and that the urban land market was performing satisfactorily.

Overall the urban land supply process is functioning well across Canada, with the supply of short-term land strong in most centres. ( Ibid, Appendix, p. 9)

The report went on to note that land cost increases since 1976 had risen at a rate less than the Consumer Price Index. However, the report failed to note that prior to 1976 land prices had increased rapidly to high levels and had not decreased, significantly from these prices. As shown by

table 10, residential land prices were still in 1983 more than three times 1971 levels. Although there has been some decline in land prices during the 1980's, they have not fallen below the record levels set during the 1970's.

Land, in the eyes of the federal government does not pose a major problem. It is assumed that the urban land market is performing satisfactorily because land prices are only increasing at a moderate pace and there is an adequate supply of serviced land.

#### 5.7 Conclusion

Land policy gained its greatest prominence during the 1970's with the federal government expanding its involvement in land banking, the Ontario provincial government introducing the first unearned increment tax and across Canada, municipal governments regulating the use of urban land. The speculative boom of 1974-1976 was so intense, provincial and federal governments worked together to prepare the Task Force study on the Supply and Price of Serviced Land. However, with the exception of Ontario's unearned increment tax, no land policy measures directly addressed the treatment of land as a privately held market commodity beyond some regulation of land use.

Even though land policy became a highly politicized issue during the 1970's, the policies pursued by governments all supported the private land market. By the 1980's land policy was no longer prominent in public and academic

debates. Governments in most parts of Canada terminated many of their land programmes and appeared to be expressing confidence in the urban land market. For example, land policy in the 1985 federal consultation paper on housing is mentioned only land briefly. It appears that similar to the 1930's, when land speculation ceased to be prominent activity and the pace of land price increases was slower, land policy and the urban land market were not considered as major issues for housing policy-makers.

## CHAPTER SIX

## CONCLUSION

In some respects government land policy as it relates to the provision of housing has changed very little since 1900. In the provision of housing urban land continues to be treated as a commodity that is priced and allocated according to the dynamics of supply and demand. Land policy has generally remained limited to various forms of land use regulation which have done little to challenge the commodity nature of land. While it has been occasionally argued that the operation of the private land market is responsible for many housing problems, land policy has not challenged the treatment of land as a private commodity. This issue has received very little attention from urban analysts and policy-makers beyond the recognition that widespread speculation during boom years has wreaked havoc with housing and land markets, as well as with municipal capital works budgets.

There have been four periods of particularly rapid increases in residential land prices: the decade prior to World War Two, the late 1920's, 1949-1958 and 1974-1976. The



decade that preceded the first world war was marked the highest annual rates of immigration ever attained in Canada, the initial development of large cities in western Canada and the emergence of a small group of individuals advocating land use planning and the regulation of urban development. During the mid to late 1920's when there was a mini-boom in urban housing construction. Also, a growing town planning movement urged more government intervention in land development. Advocates of land policy measures during this period were generally responding to the problems posed by the rapid pace of urbanization and the excesses of urban land markets which resulted in widespread land speculation. However, with falling land prices and little land speculation during the 1930's, land policy disappeared from discussions of housing policy.

Since World War Two there have been two periods of rapid land price increases. The first began in the years following the war and continued until 1958. The rate of land price increases slowed somewhat during the 1960's and the early 1970's. However, land price levels rose again sharply from 1974 to 1976 marking another period. (Table VI summarizes the changes in residential land prices, inflation and urban housing starts.)

Since 1900 advocates of government land policies have generally identified three urban land problems. First, they argued that the unregulated subdivision of land for residential and other purposes was increasing the public

cost of servicing residential areas. Municipalities often carried large debts due to their attempts to service these scattered subdivisions with public services. Second, the unregulated development urban areas, they argued, often resulted in non-conforming and haphazard land use patterns. The resulting mixture of residential, industrial and commercial land uses often lowered residential property values. Third, the high cost of residential land was sometimes identified as one of the causes of the unaffordability of housing for many low income households.

Many advocates of government involvement in housing traced these problems back to the unregulated use of urban land and in more limited cases, the treatment of land as a privately held market commodity. While critical of private land markets, in general, and land speculation, in particular, urban analysts and policy-makers have rarely called for major changes in the institution of private property. Even during the 1970's, those calling for the treatment of land as a community resource, rather than as a private commodity, rarely proposed measures that would do more than curb the worst abuses of the private land market.

Table VI

A Comparison of Average Annual Changes in Land Costs,  
Inflation and total Urban Housing Starts,  
1949-1983

Period	Average Annual land cost changes %	Average Annual inflation rates %	Average Annual change in housing starts %
1949-1952	+26.5	+1.6	+2.9
1952-1953	-0.2	-0.9	+26.6
1953-1958	+21.8	+1.7	+10.3
1958-1960	-4.0	+1.2	-18.5
1960-1964	+4.9	+1.2	+18.6
1964-1965	+0.1	+2.5	+1.3
1965-1972	+7.7	+4.0	+7.6
1972-1973	-4.3	+7.5	+2.2
1973-1974	+4.1	+10.9	-19.9
1974-1976	+46.5	+9.6	+14.8
1976-1981	+9.4	+11.3	-6.4
1981-1984	-2.1	+8.6	-2.9

Note: Periods are identified by similar trends in  
annual land cost changes over a number of years.

Source: CMHC, 1983, p.1; tables II, III and V in the text  
of this thesis.

There have been, in general, five categories of land policies relating to the supply of housing. First, land use zoning was introduced to protect property values, stabilized land markets and regulate land use change. Second, subdivision controls were introduced to regulate the urbanization of rural land and co-ordinate the servicing of new residential development. Third, the federal and provincial governments have introduced municipal infrastructure loan and grant programmes to underwrite the servicing of land for urban development and to thereby increase the supply of serviced land. Fourth, public land assembly programmes were introduced as part of a larger package of housing policies as an attempt to reduce the cost of residential land. Fifth, unearned increment taxes have been adopted by the Government of Ontario to tax the unearned increment of land value increases.

Land policies adopted in response to problems relating to the supply and cost of housing have emphasized the regulation of land use, while leaving the private market mechanism intact. Land use zoning and subdivision controls were proposed as measures that would eliminate many of the excesses of private land markets by reducing land speculation. However, despite widespread adoption of such measures since World War Two, intense land speculation continued to be a problem particularly during the 1950's and the mid-1970's. Only one category of policies, unearned increment taxes, would have encroached upon the market

exchange of land by limiting the land owner's right to fully appropriate land values when land is exchanged in the private market. This category of land policy has been used least by governments.

It is the institution of private property that guarantees the land owner the right to use land and the right to exchange land in the private market. Government land policy directed towards the provision of housing has focused on the regulation of the use of land. However, it has never directly challenged the treatment of land as a typical market commodity.

In conclusion, the treatment of land as a privately held commodity has increased the demand for government expenditure on housing especially as the government attempts to cope with the problem of the unaffordability problems among lower income Canadians. There is, in general, a conflict between the desires of private land owners and the needs of the broader community. On the one hand, land owners seek out the highest possible return for their land in the private land market and often pursue uses which are not in the interest of the community. On the other hand, the broader community must have land for housing in good locations and at prices which make the provision of affordable and physically adequate housing feasible. This conflict is the crux of the urban land problem as it relates to housing.

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# APPENDIX

Appendix A - Housing Starts by Type and Location, Canada,  
1900-1983

Appendix B - Dwellings Units Completed, Canada,  
1900-1983

## Appendix A

## Housing Starts by Type and Location, Canada, 1900-1983

	TOTAL Starts	NHA Assisted Starts	Location	
			Non-Farm	Other
1900	16,400	---	10,100	6,300
1901	19,400	---	11,800	7,600
1902	25,100	---	13,200	11,900
1903	33,000	---	17,100	15,900
1904	40,900	---	21,300	19,600
1905	52,200	---	27,700	24,500
1906	51,700	---	33,700	18,000
1907	51,300	---	32,000	19,300
1908	42,900	---	25,900	17,000
1909	61,000	---	37,400	23,600
1910	79,800	---	48,900	30,900
1911	71,500	---	57,700	13,800
1912	76,300	---	68,600	7,700
1913	63,700	---	57,100	6,600
1914	44,000	---	37,700	6,300
1915	21,300	---	15,600	5,700
1916	22,800	---	14,800	8,000
1917	23,500	---	13,000	10,500
1918	23,600	---	12,300	11,300
1919	30,600	---	22,800	7,800
1920	31,100	---	23,200	7,900
1921	35,000	---	---	---
1921	40,700	---	---	---
1923	39,500	---	---	---
1924	37,600	---	---	---
1925	45,500	---	---	---
1926	52,400	---	---	---
1927	54,700	---	---	---
1928	60,400	---	---	---
1929	57,500	---	---	---
1930	48,700	---	---	---
1931	39,400	---	---	---
1932	24,900	---	---	---
1933	22,800	---	---	---
1934	28,300	---	---	---
1935	33,900	72	---	---
1936	41,000	729	---	---
1937	45,100	1,797	---	---
1938	43,900	3,643	---	---
1939	48,900	5,947	---	---

## Housing Starts by Type and Location, Canada, 1900-1983

	TOTAL Starts	NHA Assisted Starts	Location	
			Non-Farm	Other
1940	52,600	5,738	---	---
1941	51,200	4,466	---	---
1942	40,000	1,120	---	---
1943	36,100	1,731	---	---
1944	41,500	1,466	---	---
1945	55,200	4,737	---	---
1946	64,400	11,520	---	---
1947	74,300	10,190	---	---
1948	90,194	26,233	57,671	32,523
1949	90,509	29,250	58,370	32,139
1950	92,531	43,321	68,599	23,932
1951	68,579	21,439	47,374	21,205
1952	83,246	34,400	63,443	19,803
1953	102,409	39,888	80,313	22,096
1954	113,527	50,373	89,755	23,772
1955	138,276	65,377	97,386	40,890
1956	127,311	43,725	87,309	40,002
1957	122,340	47,468	84,875	37,465
1958	164,632	81,950	121,695	42,937
1959	141,345	62,333	105,991	35,354
1960	108,858	33,723	76,687	32,171
1961	125,577	59,870	92,741	32,836
1962	130,095	48,003	102,008	28,087
1963	148,624	50,267	118,512	30,112
1964	165,658	55,349	133,562	32,096
1965	166,565	54,842	135,218	31,347
1966	134,474	51,029	108,329	26,145
1967	164,123	63,208	131,858	32,265
1968	196,878	72,242	162,267	34,611
1969	210,415	82,061	169,739	40,676
1970	190,528	---	150,999	39,529
1971	233,653	---	180,948	52,705
1972	249,914	---	206,954	42,960
1973	268,529	---	211,543	56,986
1974	222,123	---	169,437	52,686
1975	231,456	---	181,846	49,610
1976	273,203	---	209,762	63,441
1977	245,724	---	200,201	45,523
1978	227,667	---	178,678	48,989
1979	197,049	---	151,717	45,332



## Housing Starts by Type and Location, Canada, 1900-1983

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	TOTAL Starts	NHA Assisted Starts	Location	
			Non-Farm	Other
	-----	-----	-----	-----
1980	158,601	---	125,013	33,588
1981	177,973	---	142,441	35,532
1982	125,860	---	104,792	21,068
1983	162,645	---	134,207	28,438

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SOURCE: Total and NHA Assisted Starts

1900-1920 F.H.Leacy, Historical Statistics of Canada, Series S205.

1921-1983 CMHC, Canadian Housing Statistics, various years.

Non-Farm Starts

1900-1920 F.H.Leacy, Series S204 ("non-farm").

1921-1947 Not Available

1948-1961 CMHC, CHS, various years (centres of 5,000 pop. and over).

1962-1983 CMHC, CHS, various years (centres of 10,000 pop. and over).

## Appendix B

Dwelling Units Completed  
Canada, 1900-1984

	Completions			Total Annual Increase (Decrease)	Urban As % of Total
	Total	Urban	Other		
1900	17,700	---	---	---	---
1901	18,000	---	---	300	---
1902	25,500	---	---	7,500	---
1903	20,600	---	---	(4,900)	---
1904	31,000	---	---	10,400	---
1905	37,800	---	---	6,800	---
1906	48,300	---	---	10,500	---
1907	43,100	---	---	(5,200)	---
1908	39,900	---	---	(3,200)	---
1909	45,900	---	---	6,000	---
1910	58,100	---	---	12,200	---
1911	70,200	---	---	12,100	---
1912	85,200	---	---	15,000	---
1913	82,600	---	---	(2,600)	---
1914	69,400	---	---	(13,200)	---
1915	41,300	---	---	(28,100)	---
1916	40,200	---	---	(1,100)	---
1917	50,800	---	---	10,600	---
1918	41,100	---	---	(9,700)	---
1919	37,600	---	---	(3,500)	---
1920	52,400	---	---	14,800	---
1921	32,300	19,400	12,900	(20,100)	60%
1922	40,300	24,800	15,500	8,000	62%
1923	41,500	26,000	15,500	1,200	63%
1924	35,400	22,100	13,300	(6,100)	62%
1925	42,000	27,100	14,900	6,600	65%
1926	52,400	34,700	17,700	10,400	66%
1927	52,500	35,000	17,500	100	67%
1928	59,000	40,300	18,700	6,500	68%
1929	61,100	42,700	18,400	2,100	70%
1930	50,200	32,800	17,400	(10,900)	65%
1931	45,700	27,700	18,000	(4,500)	61%
1932	26,900	15,300	11,600	(18,800)	57%
1933	21,000	10,800	10,200	(5,900)	51%
1934	26,500	12,700	13,800	5,500	48%
1935	31,800	14,900	16,900	5,300	47%
1936	38,000	17,500	20,500	6,200	46%
1937	46,900	21,100	25,800	8,900	45%
1938	41,400	17,700	23,700	(5,500)	43%
1939	48,800	21,500	27,300	7,400	44%

Dwelling Units Completed  
Canada, 1900-1984

	Completions			Total Annual Increase (Decrease)	Urban As % of Total
	Total	Urban	Other		
1940	49,000	22,500	26,500	200	46%
1941	53,200	26,300	26,900	4,200	49%
1942	42,800	21,700	21,100	(10,400)	51%
1943	32,700	16,900	15,800	(10,100)	52%
1944	36,500	19,600	16,900	3,800	54%
1945	42,500	24,800	17,700	6,000	58%
1946	60,500	37,900	22,600	18,000	63%
1947	72,200	44,600	27,600	11,700	62%
1948	76,097	48,006	28,091	3,897	63%
1949	88,233	60,262	27,971	12,136	68%
1950	89,015	62,847	26,168	782	71%
1951	81,310	61,167	20,143	(7,705)	75%
1952	73,087	54,346	18,741	(8,223)	74%
1953	96,839	73,375	23,464	23,752	76%
1954	101,965	80,593	21,372	5,126	79%
1955	127,929	93,942	33,987	25,964	73%
1956	135,700	95,152	40,548	7,771	70%
1957	117,283	80,995	36,288	(18,417)	69%
1958	146,686	107,839	38,847	29,403	74%
1959	145,671	108,059	37,612	(1,015)	74%
1960	123,757	90,513	33,244	(21,914)	73%
1961	115,608	83,148	32,460	(8,149)	72%
1962	126,682	93,041	33,641	11,074	73%
1963	128,191	100,447	27,744	1,509	78%
1964	150,963	101,529	49,434	22,772	67%
1965	153,037	123,902	29,135	2,074	81%
1966	162,192	125,475	36,717	9,155	77%
1967	149,242	120,163	29,079	(12,950)	81%
1968	170,993	136,337	34,656	21,751	80%
1969	195,826	159,089	36,737	24,833	81%
1970	175,827	138,576	37,251	(19,999)	79%
1971	201,232	155,892	45,340	25,405	77%
1972	232,227	192,984	39,243	30,995	83%
1973	246,581	197,513	49,068	14,354	80%
1974	257,243	202,989	54,254	10,662	79%
1975	216,964	170,325	46,639	(40,279)	79%
1976	236,249	180,765	55,484	19,285	77%
1977	251,789	206,217	45,572	15,540	82%
1978	246,533	198,777	47,756	(5,256)	81%
1979	226,489	178,604	47,885	(20,044)	79%

Dwelling Units Completed  
Canada, 1900-1984

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	Completions			Total Annual Increase (Decrease)	Urban As % of Total
	Total	Urban	Other		
1980	176,168	140,996	35,172	(50,321)	80%
1981	174,996	137,955	37,041	(1,172)	79%
1982	133,942	112,251	21,691	(41,054)	84%
1983	163,008	135,848	27,160	29,066	83%
1984	153,012	127,303	25,709	(9,996)	83%

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SOURCE: 1900-1920 Pickett (1963) p. 51.  
1921-1984 CMHC, Canadian Housing Statistics, various years.

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